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Sparring Partners In U.S.-Japan Bout

Two Trade Experts Bob and Weave As Dispute Enters Critical Phase

By David E. Sanger
New York Times Service

WASHINGTON — Two seasoned political operatives are keeping a wary eye on each other across 7,000 miles, each pushing a political and an economic agenda that leaves the other uncomprehending.

Mickey Kantor works from the old Winter Building across from the White House, where Abraham Lincoln used to consult his generals.

Ryujiro Hashimoto, his hair slicked back and his cigarette holder ever present, works from the Ministry of International Trade and Industry in Tokyo, where the world's most productive and protected automobile industry was built from scratch.

Mr. Kantor, 55, is the ultimate political loyalist, and regardless of whether the 100 percent sanctions he has declared against \$5.9 billion in Japanese luxury cars open Japan's markets, they will certainly play well in the Midwest and in union halls, territories that President Bill Clinton has alienated and wants to reclaim.

Mr. Hashimoto, 57, has a reputation for toughness and arrogance. He sees himself as Japan's next prime minister, maybe within months. Standing up to the Americans, many believe, is his strategy for realizing his life's ambition.

In private, the two get along passably well — "two of a kind," one U.S. official, who knows them both said the other day.

— and talk about everything from Shintoism to baseball to their college days. But in public, the bombast spills out easily. Asked about Mr. Kantor at a

recent news conference, Mr. Hashimoto replied quickly, "He's scarier than my wife when I come home drunk."

Now Mr. Kantor and Mr. Hashimoto are so far apart that both Japanese and U.S. leaders fear they may be headed toward a far larger collision than either intended.

The immediate subject is cars. But both are quick to say that the real issue is jobs, and a clash of economic systems whose differences have been papered over, but never reconciled.

Both talk about "containing" their disputes to the economic sphere, but both worry that the other is already poisoning.

"Every time the United States and Japan have faced trouble, I've been able to see the way out," said a Japanese official who has worked closely with Mr. Hashimoto. "On this issue, I can't figure out how it will be resolved. We've never been this far apart."

Mr. Kantor and Mr. Hashimoto meet again next week in Paris, doubtless in the first of many contentious sessions.

Mr. Kantor has been preparing for the confrontation with Mr. Hashimoto ever since he moved from chairman of the Clinton campaign to become U.S. trade representative.

The post is usually considered out of the mainstream of policy-making. Nevertheless, Mr. Kantor attacked the job with vigor.

Tenacious and often uncompromising, he took a central role in pushing through two of Mr. Clinton's biggest international initiatives, the North American Free

See CLASH, Page 6

U.S. Angers Arabs and EU by Vetoing a UN Criticism of Israel

Compiled by Our Staff From Dispatches
A CLASH — Arabs voiced dismay and anger Thursday over the U.S. veto of a United Nations Security Council resolution calling on Israel to reverse a decision to expropriate land in largely Palestinian areas of Jerusalem.

Arabs said the veto, the Clinton administration's first in the Security Council, could torpedo the Middle East peace process and had made it nearly certain that Arab heads of state would meet in Morocco later this month for an emergency summit meeting on Jerusalem.

European Union officials also jumped into the fray, warning that the move could delay the signing of a key trade pact between the EU and Israel.

The United States was alone in oppos-

ing the resolution, which was supported by the 14 other council members.

Nabil Shaath, head of planning in the Palestinian Authority, said in a statement that the veto was "a negative decision, which may threaten the peace process as a whole."

But Foreign Minister Shimon Peres of Israel played down the vote to reporters in Paris as "a lot of noise about a little story."

Prime Minister Yitzhak Rabin's spokeswoman said in Israel that "there is satisfaction" at the outcome.

Secretary of State Warren M. Christopher also defended the veto. "The United States feels a tremendous responsibility to protect the peace process," he told a Senate subcommittee Thursday in Washington. "It is a very high priority for us."

"And so we took the unusual step yes-

terday of vetoing a resolution in the United Nations Security Council, our first veto in, I believe, about five years, because we thought it was so important to protect the peace process and prevent institutions outside that process from taking steps that might interfere with it."

Arab states had already rallied around a campaign against Israel's decision to seize the land, and preparations were being made in Morocco for what would be the largest gathering of Arab leaders since Iraq invaded Kuwait in 1990.

"The United States has raised the stakes," a diplomat said. "Now I think the summit will definitely take place."

Palestinians were betting on the summit meeting, called by the Arab League secretary-general, Esmat Abdel Meguid, to come up with a warning to Israel that

Arabs could freeze the normalization of ties unless it reversed its land confiscation plans.

"Israel must understand that normalization cannot take place but under normal circumstances," Saeb Erekat, a Palestine Liberation Organization negotiator, said this week.

Marwan Karanfani, a spokesman for Yasser Arafat, the PLO leader, said that the veto was incompatible with international agreements and that Mr. Arafat was disappointed about it.

"The position of America may make the United States lose its credibility and the trust of the Palestinian people," he added.

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territories. The Palestinians see the old Eastern part of Jerusalem as the future capital of a Palestinian state.

At a multilateral peace conference in Montreux, Switzerland, Faisal Husseini, who is in charge of Jerusalem's affairs in the Palestinian Authority, said he had asked Israel for immediate bilateral talks on the future permanent status of Jerusalem. His request, in effect, advanced the peace process timetable agreed to in 1993. That timetable calls for talks on Jerusalem's status by May 1996.

"Maybe in one year I'll find no land to talk about," Mr. Husseini said.

In Brussels, EU officials were angered and said the veto was a new blow to peace. "I think this is outrageous," a senior Euro-

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Chirac Vows To Maintain Strength of French Franc

With Kohl, He Pledges
'Common Willingness'
For a Single Currency

By Tom Buerkle
International Herald Tribune

STRASBOURG — President Jacques Chirac dismissed as "absurd" on Thursday speculation that he might abandon France's strong-franc policy in a bid to create jobs and be shared with Chancellor Helmut Kohl a "common willingness" to achieve a single European currency.

Asserting that France and Germany were determined to make good on the Maastricht treaty commitment to a single

Chirac enhances the Finance Ministry in naming a cabinet of loyalists. Page 6.

currency, Mr. Chirac said, "It's out of the question that France will have an economic and monetary policy that is not in keeping with those commitments."

Mr. Chirac declined to tie himself down to any date for a single currency, however, and repeated his campaign pledge to make employment his top priority. "The new French government intends to make the fight against unemployment the heart of its policy," he said.

Despite his pledge, it was unclear whether world currency markets would believe that the new government in Paris remains firmly committed to maintaining the value of the franc within the European Monetary System.

While a strong French franc would help Paris meet the criteria for a single European currency, Mr. Chirac has said that the first realistic date for that step is 1999.

Currency markets were swept Wednesday by rumors that Mr. Chirac might allow the franc to weaken as a way to bolster exports and ease France's 12 percent unemployment rate.

Those rumors were fueled by a report in *Le Monde* that aides to Mr. Chirac were urging him to seek a realignment of the franc against the Deutsche mark within the European Monetary System to allow the French currency to drop in value.

This would go against France's 10-year-old policy of linking the franc to the mark, a bond considered the linchpin of a future single European currency.

Mr. Chirac also sought to allay concerns that French support for European integration might weaken under his leadership with a highly symbolic first meeting with Mr. Kohl in this Rhine Valley border city.

"Even if men change," Mr. Chirac said, referring to his succession to François Mitterrand as president the day before, "the nature of things doesn't change, and the

See DUO, Page 6

Kinkel to Quit as Chief of German Party

By Rick Atkinson
Washington Post Service

BERLIN — Foreign Minister Klaus Kinkel, widely blamed for the dismal political fortunes of his Free Democrats, announced Thursday that he would step down next month as party chairman.

Mr. Kinkel said in Bonn, however, that he intended to remain in office as foreign minister and deputy chancellor in the center-right coalition government headed by Chancellor Helmut Kohl since 1982.

Since assuming the top party post two

years ago, Mr. Kinkel has watched the Free Democrats take a drubbing in 12 of 14 state and national elections, their traditional role as the kingmaker in German politics becoming ever more tenuous.

On Sunday, they were bounced out of two more state assemblies after failing to win the minimum 5 percent of the vote needed for seats in North Rhine-Westphalia and Bremen.

"The Free Democrats need a new chance through a new beginning after some difficult months," Mr. Kinkel said, in announcing he will not be a candidate for chairman at the party congress in June.

In December, Mr. Kinkel survived a vote of confidence after being heckled by

See KINKEL, Page 6

House Approves Radical Budget Slashing

\$180 billion from Medicaid, the health care program for the poor.

It also leaves room for the tax cuts passed last month as part of the Republican "Contract With America."

The proposal survived two of bitter attacks by its Democratic critics, nearly matched.

Republican leadership staved off three attempts to replace the budget blueprint with alternatives, two of them from factions of liberal and conservative Democrats.

"Now is the time to stop robbing our children and our grandchildren," the majority leader, Dick Armey, Republican of Texas, said shortly before the final vote in the House. "Now is the time to give up the false promise of big government and deficit spending."

The proposal would dramatically change the face of government, eliminating hundreds of federal programs, cutting others and turning still more over to the states.

The vote was 238 to 193, largely along party lines, to send the measure to the Senate. That chamber is already working on a plan of its own to eliminate deficits by 2002, the first time that would have been done since 1969.

The House plan calls for nearly \$1.5 trillion in savings over seven years, including \$283 billion from Medicare health insurance for the elderly and an additional

floor when the budget gained a majority.

Most Democrats battled against the measure to the end.

"The value of my party and I hope of a lot in the other party is that we must invest in people for the things they cannot do for themselves," said the House minority leader, Richard A. Gephardt, Democrat of Missouri.

He, like others, said Republicans were taking money from "people who are already struggling" to give a "\$20,000 tax cut" to the wealthy.

The House voted as Senate Republicans pushed their own balanced-budget proposal toward the floor and expected passage next week.

Democrats readied a series of amendments to restore financing for Medicare, education and tax cuts for the working poor.

Republicans conceded they were taking a political risk in making the cuts necessary to balance the budget. "We're playing a high-risk game," said Representative Dennis Hastert, Republican of Illinois. "We're trying to do something that hasn't been done here in a long time."

Spending Will Still Rise

Michael Wines of The New York Times reported earlier from Washington:

The Republican plan is actually a broad outline for future spending. By 2002, an

See BUDGET, Page 6



TANK RAMPAGE — Policemen in San Diego pulling out a tank thief with a mortal head wound. They said he crushed cars with a stolen tank. Page 3.

AGENDA

Dow Plummets On Sell Orders

NEW YORK (Bloomberg) — Stocks plunged on Thursday after computer-guided sell orders buffeted the market late in the day, causing the Dow Jones industrial average to post its biggest one-day loss in almost six months.

The Dow plummeted 81.96 points, to 4,340.64, its largest daily decline since a 91.52 point plunge on Nov. 22, 1994. The drop triggered the New York Stock Exchange's "upick rule" when the average fell 50 points.

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An Embassy as Paon

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Thousands Stranded in Zaire

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GE

church. Moscow's prerevolutionary elite embraced Nice as their primary refuge from the harsh winters and brewing class troubles at home.

Now a new class of wealthy Russians is flocking to the area, not only for a dose of sun, sea and glamour but also to find a safe haven for their money. A record 30,000 bankers, businessmen and tourists — double the number two years ago — are expected to descend on the Riviera this year seeking relief from the brutality of modern Russia's climate, corruption and chaotic economy.

Once again, the Russians are coming! The fabled Mediterranean coastline has fascinated Russians since the czars conducted annual pilgrimages here to cavort with other European royals. After Empress Alexandra Feodorovna first came in 1856 and built a superb Russian Orthodox

church. Moscow's prerevolutionary elite embraced Nice as their primary refuge from the harsh winters and brewing class troubles at home.

In their turn, the "emirs of the East" are being welcomed with open arms. They reserve the plusher hotel suites for weeks at a stretch, pay their bills with thick wads of \$100 bills and make few demands other than a well-stocked bar. At the beach of the Ruhl casino, waiters remain awestruck by a young Russian couple who consumed seven bottles of Dom Pérignon champagne during an afternoon's sunbathing, peeling

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Newsstand Prices	
Down	60 FF
Antilles	11.20 FF
Caribbean	1,400 CFA
Edyt...	4,500 FF
France	9,00 FF
Gabon	960 CFA
Greece	350 Dr.
Italy	2,600 Lire
Ivory Coast	1,120 CFA
Jordan	1 JD
Lebanon	U.S. \$1.50
U.S. Mil. (Eur.)	\$.10
Dollar	
Down	1.4405
Pound	1.5779
Yen	88.90
FF</td	

Middle East and Domestic Politics/A Campaign Maneuver

An Embassy as Pawn

Republican Bill Divides a Host of Old Allies

By Katharine Q. Seelye
New York Times Service

WASHINGTON — The Republican proposal to move the U.S. Embassy from Tel Aviv to Jerusalem ahead of schedule has upset American Jews, pitted traditional allies in Congress against each other and put Israel's chief American lobby at odds with the Israeli government.

As a result, the bill put forward last week by Senator Bob Dole, the majority leader and the leading candidate for the Republican presidential nomination, faces a more difficult time in Congress than was first apparent and may ultimately backfire on him.

Legislation introduced by both Mr. Dole in the Senate and Newt Gingrich, the House speaker, calls for the administration to begin breaking ground for a new embassy in Jerusalem by the end of next year. If that does not happen, the bill will cut half the money already allocated to the State Department for other foreign construction projects.

While most American politicians support moving the embassy eventually, they have left the timing to Israeli and Palestinian negotiators, who have put the issue off until the final stage of their peace talks next year.

The location of the embassy is sensitive because Israelis and Palestinians alike claim Jerusalem as their capital.

Palestinians would regard moving the embassy now as a statement by the United States that it had changed its long-held position and had come to support Israel's claims to all of Jerusalem, including the eastern precincts captured from Jordan in the 1967 war.

Senator Dole's call for breaking ground ahead of the negotiators' schedule was a by-product of presidential politics in America and the politics surrounding the increasingly fragile peace effort in the Middle East.

When he announced his proposal on May 8 to the American Israel Public Affairs Committee, the influential Jewish lobbying group holding its annual convention here, Mr. Dole received a standing ovation.

BUT EVEN those who support the early move of the embassy said they saw Mr. Dole's proposal as a transparent political act. The Forward, a Jewish newspaper in New York, wrote in an editorial that the senator's efforts to "emerge as the greater champion of Israel," as opposed to President Bill Clinton, who resists moving the embassy now, "would be laughable were it not so blatant a play for positioning in the coming primaries."

The move, one analyst said, may not win Mr. Dole any Jewish votes that he would not have won otherwise, but it may help inoculate him against charges that he has been insensitive to Israel in the past.

In 1990, while traveling in the Middle East, Mr. Dole referred to Israel as a "spoiled child" and proposed a 5 percent reduction in American aid to Israel.

In a statement that offended many Jews, he said Israel had established control over east Jerusalem "by force." And after a 1990 meeting with President Saddam Hussein of Iraq, Mr. Dole reported to President George Bush that the Iraqi was "a leader to whom the United States can talk."

That same year, he said on the Senate floor that the United States should not unilaterally interfere with the future status of Jerusalem. Although he had signed a resolution declaring Jerusalem the capital of Israel, he was taking it back, he said, because such sentiment could comfort Arabs "looking for an excuse to avoid the broader peace process."

Yet, the legislation he introduced last week

would accomplish just what he deplored in 1990. It puts Congress in the middle of a delicate situation and forces the United States to relocate the American Embassy to Jerusalem unilaterally — regardless of negotiations. The move, he said, would have "no impact" on the peace effort.

"In his previous incarnations, Bob Dole was not the most Likud-supporting American on the Hill," said Henry Siegman, a former director of the American Jewish Congress who now works at the Council on Foreign Relations. "He was never seen as an unquestioning ally of Israel — but then, he wasn't seen as deeply enamored of the Christian-values crowd either, until now."

"Clearly what we have here," Mr. Siegman continued, "is not some deep conversion on an issue of principle, but posturing and maneuvering in the hope that this creates some political advantage."

POLITICAL advantage, and the concomitant fund-raising advantage, were not the only considerations for Senator Dole. Just as compelling were Israeli politics and the increasing concern by conservatives, both here and in Israel, over the peace talks.

"Right-wing groups have been searching for some way to break American Jews from supporting the peace process," a Senate aide said. Referring to next year's Israeli elections, the aide added: "To call for breaking ground in '96 means Rabin will have to face up to this issue. That means he loses the Arab votes and his coalition fails. He can't win." And then the peace talks fail.

Prime Minister Yitzhak Rabin's government has accused leading Likud officials of lobbying on Capitol Hill to scuttle Israel's peace talks with both the Palestine Liberation Organization and Syria.

Health Minister Ephraim Sneh, a former general who is close to Mr. Rabin, told Israeli reporters based in Washington last week that some Likud officials were "mixing into American politics" in an attempt to "slow down the peace process." He said these Likud officials were "trying to obtain in the American capital what the Israeli ballot box did not give them."

But the Rabin government has avoided any direct criticism on the embassy dispute, since it does not want to appear less enthusiastic than the opposition about the affirmation of Jerusalem as Israel's capital. Instead, it has attacked Likud representatives on other fronts.

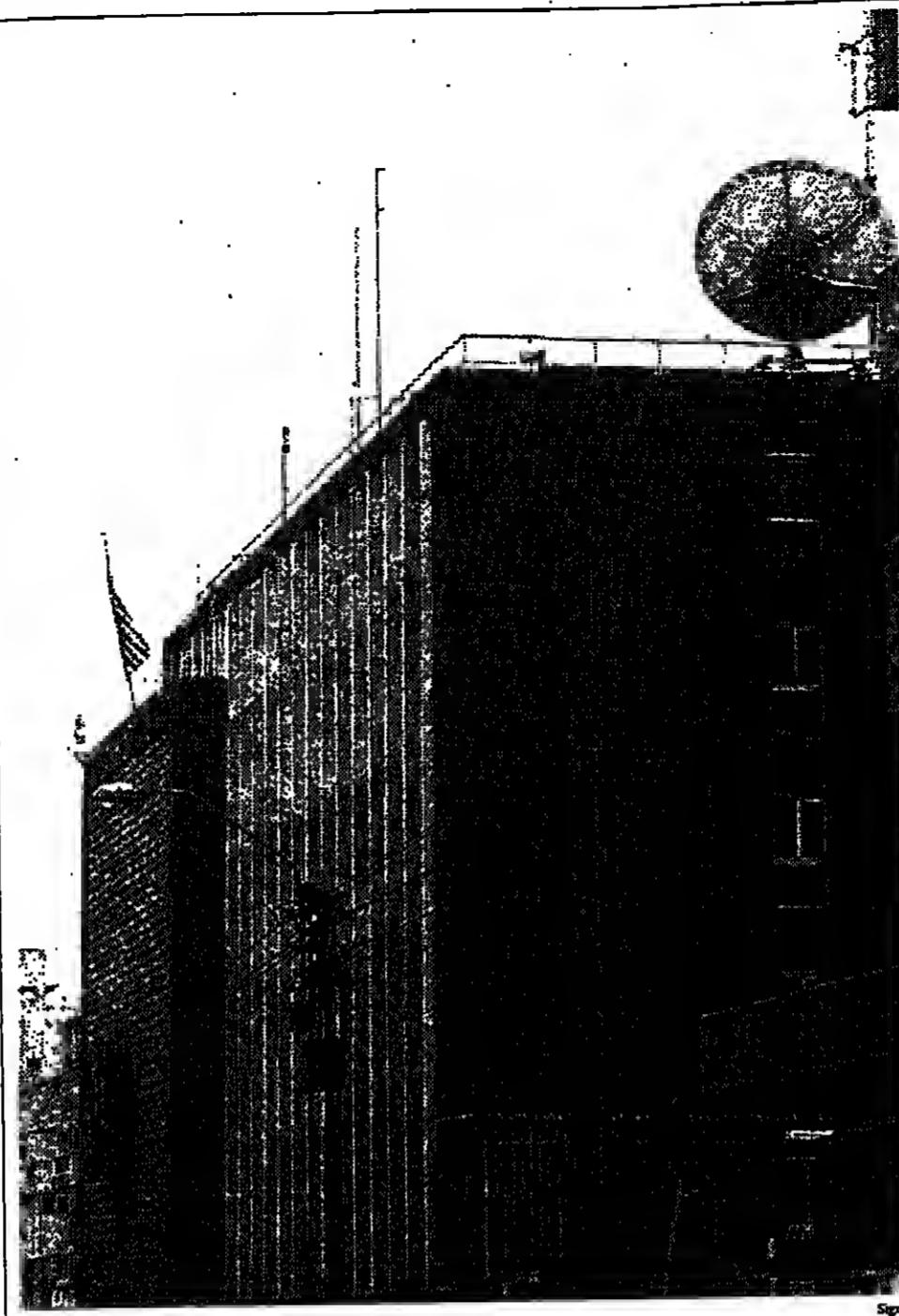
One such front is Likud lobbying in Congress to kill the chances that American soldiers might monitor the Golan Heights as part of any future peace treaty between Israel and Syria. By raising the issue of monitors now, Israel is opposed to giving up the Golan and their American allies see a way to undermine a possible Israeli-Syrian deal.

Similarly, they have sought to cut U.S. aid to the Palestinian self-rule government in the Gaza Strip and Jericho, a move that administration officials warn could cripple peace talks between Israel and the P.L.O. Congress must certify by June 30 that the Palestinian Authority based in Gaza is complying with its 1993 agreement with Israel, or risk having American aid cut.

The Clinton administration has contended that moving the embassy to Jerusalem now would hurt the peace talks.

Martin Indyk, the new American ambassador to Israel, warned at his Senate confirmation hearings in February: "Any move now, I believe very strongly, would explode the peace process."

In a speech in Tel Aviv on Tuesday, Mr. Indyk did not use such strong language, but



The U.S. Embassy in Tel Aviv, which the Republicans want to see in Jerusalem soon.

he repeated his warning that "this is not the time for us to move the embassy to Jerusalem," given the sensitivity of the issue in the peace talks.

BUT OTHERS are less persuaded that this is so, including Robert Satloff, who succeeded Mr. Indyk as executive director of the Washington Institute for Near East Policy.

"We had constructive ambiguity with an embassy in Tel Aviv," Mr. Satloff said. "We can probably maintain constructive ambiguity with an embassy in Jerusalem."

As for most members of Congress, they recognize Jerusalem as the capital, and they want the embassy there. Indeed, 93 of the 100 members of the Senate recently signed a letter to Secretary of State Warren M. Christopher that supported moving the embassy by May 1995.

By forcing the move ahead of the negotiators' timetable, the Dole bill has divided several American Jewish groups, who are now in heated competition with lobby members of Congress over it.

Most adamantly in favor of the bill is the American Israel Public Affairs Committee.

"It is the absolute right of every sovereign state to designate its own capital," said Neal M. Sher, executive director of the group. He noted that the United States has based an embassy in the capital of every country with which it has diplomatic relations, except Israel.

Other Jewish groups here have issued statements in support of the Rabin government and the peace effort and urged Congress to go slow.

IN CONGRESS, the legislation has split California's two Democratic senators, both of whom are Jewish. One, Dianne Feinstein, opposes Mr. Dole's effort to push up the move, saying it would lead to the "collapse" of the peace effort. She is asking her Democratic colleagues to withhold support and search for an alternative approach. But the other senator, Barbara Boxer, supports the legislation.

Similarly, New York's senators, who have in the past worked closely on Israeli issues, are now at odds. Alfonso M. D'Amato, a Republican and major backer of Senator Dole's presidential campaign, favors the bill and is the point man working for its passage.

Daniel Patrick Moynihan, a Democrat, was not consulted on the Dole bill. He is officially reserving judgment on it, but for someone so closely allied with the issue and who has sought a consensus on the move to Jerusalem for so long, that seems tantamount to opposing it.

Twenty-six senators have so far signed on to Mr. Dole's bill, including seven Democrats. They include Max Baucus of Montana, Bill Bradley of New Jersey, Byron L. Dorgan of North Dakota, Tom Harkin of Iowa, Daniel K. Inouye of Hawaii, and Carl Levin of Michigan.

The Plot Thickens In Plutonium Case

Informer's Role in Smuggling Points to German Conspiracy

By Alan Cowell
New York Times Service

um last August inspired accusations from the opposition Social Democrats that the seizure had been choreographed by German intelligence to improve Mr. Kohl's prospects in the October elections.

The two Spaniards arrested, Mr. Arraiza and Julio Ortiz, have pleaded guilty to violating arms-control laws. But the Colombian, Justimano Torres Benitez, has not entered a plea. His lawyer has said he will argue that the deal was a set-up by German intelligence.

The suspicions deepened last week when Bernd Schmidbauer, the intelligence coordinator for Chancellor Helmut Kohl, acknowledged that a German intelligence informant code-named Roberto had been present when plans were made in Madrid last June to smuggle 280 grams (10 ounces) of weapons-grade plutonium 239 to Munich.

The radioactive material, possibly enough to make a bomb, was seized on Aug. 10 in Munich and three men were arrested, two Spaniards and a Colombian. The men are accused of smuggling the plutonium into Germany aboard a Luftansa flight from Moscow.

Russian officials have denied all along that the plutonium came from their country, but German television reports last week said the material had been identified as having originated in Russia.

When the trial of the three men opened last week in Munich, a defense lawyer, Werner Leitner, said state prosecutors had withheld important documents. He accused Roberto and another agent, code-named Rafa, of instigating the sale and of insisting that the deal be concluded in Munich.

"Not just anywhere in Germany, not just in any town, but specifically in Munich," Javier Bengoechea Arraiza, one of the three accused men, said at the trial.

German news reports have suggested that intelligence agents wanted the transfer to take place in Munich, in the same region as their headquarters, to give them closer control of the situation.

Rafa closed a session of the court late last week in which another Spaniard sought in connection with the deal had initiated the smuggling, German news reports said.

The discovery of the plutonium

TRAVEL UPDATE

Fatal Air Crashes on Rise in Russia

MOSCOW (AP) — A Russian official Thursday reported a steady rise in the number of air crashes, citing widespread violations of safety rules and poor maintenance as the key reasons.

Last year, 302 people died in 19 crashes, said Alexander Godunko, an official with the Russian Prosecutor General's Office in charge of transport safety. In 1993, officials reported 14 crashes in which 197 people were killed.

The main reason for the increase in crashes was disregard for technological rules and the poor state of repair and maintenance of aircraft, Mr. Godunko said, according to Itar-Tass press agency. Another reason has been the breakup of the Soviet carrier Aeroflot into scores of independent smaller airlines that have paid little attention to safety in their rush for profits.

The United Nations watchdog agency on safety at sea has issued proposals from maritime experts to improve safety of passenger ferries like the Estonia, the vessel that sank in the Baltic last year with the loss of about 900 lives. If the changes are adopted, many ships will have to undergo extensive conversions, and the UN's International Maritime Organization said in London, "these could prove so expensive that in some cases ships will have to be scrapped."

SAS pilots on Thursday threatened to hold a one-day strike on June 2 over a pay dispute in which the pilots are demanding a 5.7 percent raise.

Talks between Australia and Hong Kong began Thursday to try to resolve the dispute between Cathay Pacific Airways and Qantas Airways over how many passengers Qantas can pick up in Hong Kong to take to other Asian destinations.

Travel on U.S. highways this summer is expected to be 2 percent higher than last summer — with the West as a favorite destination — because people are more confident about the economy, according to a survey released by the American Automobile Association and the Travel Industry Association of America.

Hundreds of tons of garbage piled up in the streets of central Athens on Thursday as a rubbish collectors strike entered its third day, with no relief in sight before Monday.

Workers in Budapest lowered into place the last section of a new bridge across the Danube, adding a seventh crossing Thursday to the congested links between the two halves of Hungary's capital city.

New Evidence Reported Against Salinas Brother

Compiled by Our Staff From Dispatches

MEXICO CITY — Prosecutors have presented new evidence implicating the brother of former President Carlos Salinas in the assassination in September of a governing party leader, a news agency reported.

The new evidence implicates

Rafael Salinas, who is being held in a federal prison, in

includes testimony by a man who was accused and then cleared in the murder of José Francisco Ruiz Massieu, No. 2 man in the Institutional Revolutionary

Party, the official Notimex news agency said.

The report did not give details of the testimony by Abraham Rubio Canales, a former politician sent to prison for fraud in 1992.

But it raises new doubts about the reliability of investigations into a series of murders committed during the Salinas administration.

A former special prosecutor, Mario Ruiz Massieu, the victim's brother, is accused of shielding the president's broth-

er. He was arrested in the United States for violating currency rules, and is awaiting extradition to Mexico.

José Francisco Ruiz Massieu was shot to death as he left a Mexico City restaurant.

Other prominent murder victims have included a Roman Catholic cardinal and a presidential candidate, Luis donaldo Colosio.

President Ernesto Zedillo, in an unprecedented move, appointed an opposition lawmaker to lead the investigations shortly after he took office last December.

Separately, officials in the western state of Jalisco have accused four men with ties to one of Mexico's most powerful

cartels of shielding the president's broth-

er. The men had been identified as part of a gang in Guadalajara.

A spokesman for the state attorney general's office, Sergio Villa, said the four men had

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THE AMERICAS

POLITICAL NOTES

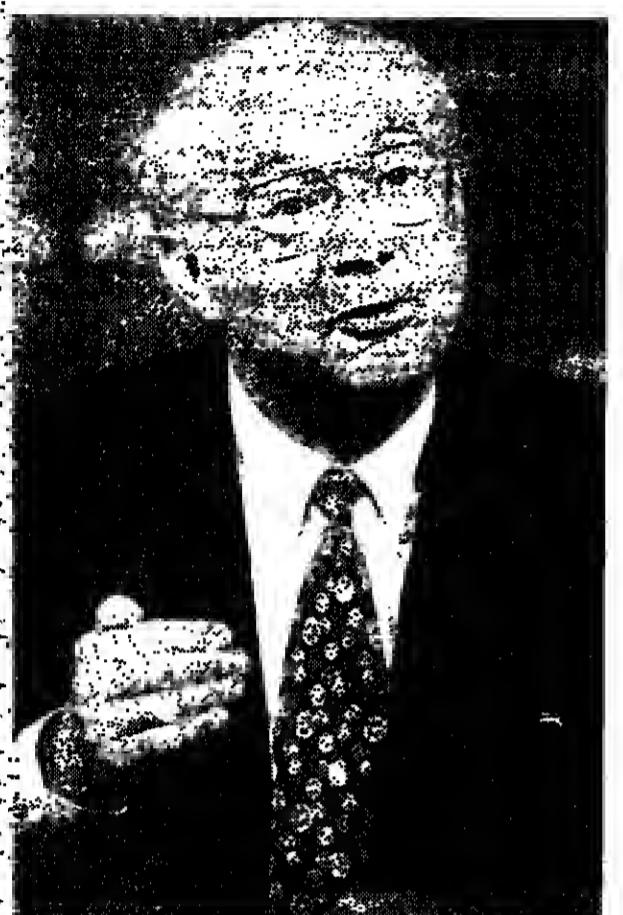
Christian Coalition Gains Support

WASHINGTON — The House speaker, Newt Gingrich, pledging along with other Republican leaders to support a Christian Coalition 10-point plan for moral and social change, has promised that the House will vote on restricting abortion and on a constitutional amendment to allow prayer in schools and other public places.

Mr. Gingrich, Senator Phil Gramm of Texas, and other Republican congressional leaders acknowledged their debt to the religious right in an elaborate ceremony in the Capitol and vowed to support the Christian Coalition's "Contract With the American Family."

Mr. Gingrich promised that "House Republicans are totally committed" to bringing each measure to a floor vote because the public would support the initiatives.

Among the Coalition's proposals are the elimination of the federal Department of Education and the transfer of its funds to local school districts; restricting pornography on cable television and the Internet; and abolishing the National Endowments for the Arts and Humanities and the Corporation for Public Broadcasting. (WP)



Mark Wilson/The Associated Press
Senator Phil Gramm, who denies a magazine's allegation that he invested in an off-color, anti-Nixon movie.

Gramm on Defensive Over Movie

WASHINGTON — Phil Gramm, a Republican presidential candidate, said Wednesday that he invested \$7,500 in 1974 to produce an R-rated movie called "Beauty Queens," but said the investment with a former brother-in-law turned out to be "a total loss" and that the movie was never made.

Mr. Gramm issued the statement in response to an upcoming New Republic magazine article by John B. Judis that says Mr. Gramm invested the money with his then brother-in-law, George Caton, and that it was later used to help finance the production of a different movie, an off-color, anti-Nixon film called "White House Madness."

"The only document I ever received, sent by my brother-in-law after I made the investment, said that he invested the money to help produce a movie entitled 'Beauty Queens,'" the statement said. "My brother-in-law told me it was to be an R-rated spoof of beauty contests. I never saw a script or received any other information about the movie and I was told today by the New Republic magazine that no such movie was ever produced."

(WP)

Threats Against Lawmakers Rise

WASHINGTON — The Republican revolution that has generated intense national interest in the work of Congress also has apparently spurred an increase in the number of threats against lawmakers.

The Capitol police, the 1,075-member force charged with protecting those who work on Capitol Hill, say threats against members of Congress through March of this year jumped by 43 percent over the same period in 1994. (LAT)

Aiming at HIV-Positive in Military

WASHINGTON — House Republicans are expected to introduce a bill to discharge more than 1,200 members of the armed services who the Pentagon consider fit for duty but who have tested positive for the virus that causes AIDS.

Defense Department policy bars entry to recruits who test positive for the virus. But HIV-infected troops already in the military are allowed to serve in the United States as long as they are physically able, although they are barred from deployment overseas.

Now, Representative Robert K. Dornan, a conservative Republican from California who strongly opposes homosexuals' service in the military, intends to add a new restriction when the House national security subcommittee on military personnel, which he heads, considers its part of the Pentagon budget bill for the 1996 fiscal year.

Mr. Dornan would require an honorable discharge within six months of an HIV-positive diagnosis. (NYT)

Quote / Unquote

"If the Christian Coalition's proposed religious equality amendment is passed, Rabbi David Saperstein, director of the Religious Action Center of Reform Judaism, "the result will be groups competing for spaces and times to display religious symbols, judges evangelizing judges, military officers religiously testifying before their troops, public school teachers and supervisors organizing and leading religious activity."

(WP)

Away From Politics

A man who had been fired from a machine-tool company for fighting with co-workers walked back in and started shooting, killing three people and wounding two, the authorities in Asheville, North Carolina, said. James Floyd Davis, 47, threw two guns outside, emptied his pockets of bullets and surrendered. He was charged with three counts of murder. (AP)

In a decision that could release some of the passengers of the Golden Venture immigrant smuggling ship, a federal judge in Pennsylvania ruled that the immigrants have been wrongfully held by the Immigration Service since their arrival two years ago off New York and should be released on bond. (NYT)

Armed robbers took at least \$5 million in computer chips and memory boards in a heist at an Irvine, California, electronics distributor, the largest in a series of thefts prompted by the soaring value of high-tech parts. (LAT)

Darrell Gene Devier, 39, who raped and killed a girl, 12, was executed in the electric chair in Jackson, Georgia. (AP)

A former inmate of the San Diego jail has filed a claim for \$2,000 against his jailers for dental expenses. He says he developed four cavities because he was deprived of dental floss. (Reuters)

A coalition of 80 religious groups called for an end to gene patents in a move that scientists said could slow down groundbreaking research in genetic engineering. (AFP)

FBI Wins Court Appeal to Detain Suspect in Bombing

By George Lardner Jr.
and Walter Pincus
Washington Post Service

WASHINGTON — On Oct. 17, a man using the name Joe Kyle put down \$30 in cash and rented a 5-by-10-foot storage shed in Council Grove, Kansas. The next day, a man driving a dark-colored pick-up truck turned up at a Kansas farm cooperative to buy 40 bags of ammonium nitrate fertilizer. He called himself Mike Havens.

The shed rental and purchase of nearly 2,000 pounds (900 kilograms) of fertilizer, which may have been used in the Oklahoma City bombing, are two of the events listed in an FBI affidavit to support charges lodged last week against Terry L. Nichols, 41, the second man charged.

The April 19 explosion claimed 167 lives.

On Thursday in Oklahoma City, the strength of the FBI's evidence was being tested in a makeshift courtroom at the El Reno Correctional Institution, 30 miles (50 kilometers) west of Oklahoma City. The occasion was a preliminary hearing to determine whether there was probable cause to support the charges brought against Mr. Nichols and keep him in jail.

A federal magistrate found sufficient cause to hold Mr. Nichols without bail for further questioning, despite testimony from an FBI agent that phone records may prove he was not in Oklahoma City the day of the bombing. (The Associated Press reported.)

The agent, Errol Myers, said under questioning that there was some evidence that telephone calls were made

by someone with a male voice from Mr. Nichols's house on the day of the bombing.

The FBI has been trying frantically to strengthen its cases against Mr. Nichols and his army buddy, Timothy J. McVeigh, and to deal with unanswered questions about whether others were involved in the bombing.

The affidavit lists receipts and bomb-making materials found during a search of Mr. Nichols's home and suggests he began buying bomb-making ingredients in late September 1994. Thereafter, the FBI affidavit indicates, he stockpiled them in storage sheds in Council Grove and Hesington, Kansas, that were rented under false names.

One person at a Council Grove storage shed firm has since identified "Joe Kyle" as Mr. Nichols.

But none of the employees of the Mid-Kansas Cooperative Association in McPherson, Kansas, have been able to identify the person who bought the fertilizer as Mr. Nichols or Mr. McVeigh.

According to the FBI affidavit, Mr. Nichols rented his first storage shed in Hesington on Sept. 22, 1994. A man using the name "Shawn Rivers" paid \$80 for a four-month rental through Jan. 22, 1995.

A month later, someone came in to extend the shed rental through May 22, again paying \$80 cash.

Mr. Nichols has told authorities that he cleaned out the shed in April. A man calling himself "Mike Havens," according to the FBI, bought his first ton of ammonium nitrate fertilizer at the Mid-Kansas Co-op in McPherson on Sept. 30.

In their search of Mr. Nichols's

home, the FBI found documents relating to rentals of two-story sheds in Council Grove. A man calling himself "Joe Kyle" rented a storage shed listing his address in nearby Manhattan, Kansas.

Someone using the name "Ted Parker" rented another shed on Nov. 7, listing his residence as Mr. Nichols's farm address in Decker, Michigan.

Building Will Be Razed

The remains of the Oklahoma City federal building will be demolished Tuesday using 100 pounds of dynamite. The Associated Press reported from Oklahoma City.

Under an agreement worked out by federal prosecutors and Mr. McVeigh's lawyer, Stephen Jones, defense investigators will be allowed to inspect the ruins until midnight Sunday.

Government Isn't So Bad, Americans Say

By Richard Morin
Washington Post Service

WASHINGTON — In the aftermath of the Oklahoma City bombing, a new Washington Post-ABC News Poll suggests that Americans have rallied in defense of a much maligned target: Big Brother.

Satisfaction with the federal government is up, the survey found. Anger is down. Most of those interviewed said they basically trust the government. A big majority said Americans are too quick to criticize.

In other ways, the survey suggests that Americans are re-examining just how angry they are with the government after seeing the tragic consequences of real rage in Oklahoma City.

"The bombing in Oklahoma just opened our eyes to what could happen and did happen," said Al Wendland, 53, a pharmacist in Elgin, Texas.

"It's sad, but the nation draws together to a certain degree," said Richard Evans, 39, an aviation technician in Huntington Beach, California.

At the same time, the survey found narrow but deep pockets of rage and suspicion. Six percent of those interviewed said the federal government remained their "enemy." Nine percent said violent action against the government was sometimes justified. One in eight said they supported the goals and activities of private armed militias.

But those relatively small percentages translate into millions of profoundly disaffected Americans.

While most Americans express basic trust in the federal government, a third remain suspicious and nearly 4 in 10 view Washington as at least a minor threat to their rights and freedoms. A total of 1,011 randomly selected adults were interviewed

May 10-14 for this poll. Margin of sampling error for the overall results is plus or minus 3 percentage points.

The survey and subsequent interviews conducted by Post reporters in Illinois, California and Texas found a nation still deeply shocked and broadly confused by last month's tragedy in Oklahoma City.

The poll found that most Americans still love to criticize the federal government, yet

The bombing in Oklahoma just opened our eyes to what could happen and did happen.

Al Wendland, a pharmacist in Elgin, Texas.

7 out of 10 interviewed also expressed broad support for its overall goals and activities.

And while many express deep suspicion of government, they fear the armed and anti-government militias more.

"I'm afraid one will flip out and blow up a city," said Tom Esker, 33 a bartender in Huntington Beach, California. "I'm not afraid the feds will blow up our cities."

Last month's explosion seemed to shatter at least for the moment the wall of easy cynicism that many Americans had built between themselves and their government. According to the Post-ABC News poll, the proportion of Americans expressing satisfaction with the federal government has shot up from 29 percent in January to 48

percent today, while those describing themselves as "angry" fell during the same period from 16 to 9 percent.

Overall, 50 percent of those interviewed still expressed dissatisfaction with the way the federal government operates. But that is down from 69 percent in January.

Many Americans also expressed dismay over the relentless anti-government rhetoric. Nearly 6 in 10 — 58 percent — agreed with President Bill Clinton's charge that some talk show hosts "spread hateful ideas and give the impression that violence is acceptable," with 4 out of 10 saying this was a "serious problem" and an equal proportion calling for greater restrictions on what people may say on the radio.

Likewise, three-quarters of those interviewed agreed that "people in this country are too quick to criticize the federal government," a view held even by a majority of those who expressed dissatisfaction with the government.

Many Americans, however, appear to dismiss any suggestion that such conflicting views are necessarily contradictory.

In fact, many of those surveyed said the right to criticize the government — some times harshly and even unfairly — was one of this country's greatest strengths. But not if the words become action.

Others see criticism of government as a reaction to the serious problems facing the country, problems that increasingly seem to be beyond the ability of government to solve.

"If you're the federal government you're going to get criticized," Mr. Wendland said. "It's just human nature when things go bad to try to point the finger at somebody and say this is why we're having all these problems. Criticism of the federal government is just a part of life."

Finally, four officers leaped onto the tank and opened the hatch with bolt cutters as it rocked back and forth on top of a concrete road divider. They shouted at Mr. Nelson to surrender, but he tried to get the tank moving again.

One shot was fired, and Mr. Nelson was hit in the neck, a police spokesman said. The police said they shot him because they feared he would take the tank into the northbound lanes of the highway and endanger traffic. (AP, Reuters)

A Police Bullet Ends Tank Thief's Joyride

Compiled by Our Staff From Dispatches

SAN DIEGO — A former U.S. soldier stole a 63-ton army tank and rampaged through several neighborhoods, flattening utility poles, fire hydrants and rows of cars before getting stuck on a concrete freeway divider. The police fatally shot the man as he tried to dislodge the tank.

More than 20 police cars pursued the tank at times, sirens wailing, as it careened wildly along busy freeways.

No bystanders were injured. The tank's weapons, a 105mm cannon, 12.7mm anti-aircraft gun and 7.62mm machine gun, were not loaded, said Major Ed Gale of the National Guard.

The M-60 tank was taken from a National Guard armory. The driver was identified as Shawn Nelson, 35, an unemployed plumber who had trained as a tank crew member in the U.S. Army and had served in Germany.

Neighbors said Mr. Nelson's life had been crumbling. His home in San Diego was apparently in foreclosure, his utilities had been shut off, he had broken up with his girlfriend and been suffered from chronic medical problems. Neighbors said he had talked about suicide.

But witnesses said that as he drove the tank, Mr. Nelson, whose head was sticking through the hatch much of the time, was smiling and laughing. "The expression on his face was: 'Hey, I'm having fun,'" a witness said.

The authorities were unsure how he managed to steal the tank from the armory, where 10 were stored. After the tank smashed through an armory gate about 6:45 P.M. Wednesday, it rammed through quiet suburban neighborhoods. San Diego Gas & Electric officials said the tank bowed over power lines, knocking out electricity to about 5,100 customers. It plowed into at least 40 cars and a trailer home.

Finally, four officers leaped onto the tank and opened the hatch with bolt cutters as it rocked back and forth on top of a concrete road divider. They shouted at Mr. Nelson to surrender, but he tried to get the tank moving again.

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Wanted Photo Doesn't Match, but Cult Official Is Seized

By Nicholas D. Kristof
New York Times Service

TOKYO — The police arrested a key member of the Aum Shinrikyo religious sect Thursday who had been wanted on kidnapping charges, and they found that he had undergone facial surgery to change his appearance.

The police picked up Takeshi Matsumoto on a Tokyo street. Wanted posters with Mr. Matsumoto's picture are posted throughout Japan, but he did not much resemble the photo.

With his arrest, there are expected to be fewer concerns about terrorist strikes in retaliation for the detention of the cult's leader, Shoko Asahara. Only a few Aum members on wanted lists remain at large.

Surgery on Mr. Matsumoto's eyes and a different haircut had changed his appearance. The skin of his fingers had been sliced off so that he

would not leave fingerprints to match those in police records.

The police have not said whether Mr. Matsumoto is a suspect in the March 20 nerve gas attack on the Tokyo subway system. Forty-one other Aum members have been arrested or are being sought in connection with the attack, which killed 12 people and injured 5,500.

Mr. Matsumoto has been on a nationwide wanted list for nearly two months for kidnapping, and he was the best-known Aum official still on the run.

Mr. Asahara, who is suspected of masterminding the subway attack and planning a virtual war against the Japanese government, was transferred to a court Thursday under extraordinarily tight security. The judge allowed prosecutors to hold Mr. Asahara for 10 more days of questioning before charging him.

Mr. Asahara, who was arrested Tuesday morning, is said to have de-

clared his innocence in the subway attack but refused to submit to interrogation.

Some other Aum members in jail are meditating regularly and trying to fast as part of their religious training, but Mr. Asahara is not following their lead, according to accounts published in the Japanese press.

Some Aum officials appear to be giving detailed statements to the Japanese press, and the comments indicate that Mr. Asahara played a central role in the production and use of nerve gas, according to Japanese news reports.

Mr. Matsumoto was wanted in connection with the kidnapping of a notary clerk early this year. The clerk, Kyoshi Kariya, was abducted from a Tokyo street earlier this year after he opposed plans by his sister to donate his body to Aum.

The Mainichi Shimbum, a national daily, has reported that an Aum doctor in police custody has confessed that Mr. Kariya was taken to the Aum

headquarters, injected with truth serum and interrogated. An Aum doctor was preparing to execute Mr. Kariya with a lethal injection but found that he had already died, the Mainichi reported.

The Asahi Shimbum reported Thursday that Aum's intelligence chief possessed explosives that could have been used in a car bomb, and may have been planning another terrorist attack. The intelligence chief, Yoshihiro Inou, who is also suspected of leading the nerve gas attack on the subway, was arrested Sunday.

The Asahi also reported that during the police search on Tuesday for Mr. Asahara, the authorities found a hidden underground chamber with 275 metal drums of phosphorus trichloride, a key ingredient of sarin nerve gas. The police had earlier found huge stockpiles of various chemicals, but this underground warehouse had eluded them.

The police are continuing their

searches of Aum buildings, and on Wednesday they found further materials that can be used to make explosives, as well as equipment to make fake drivers' licenses. Aum operated a video rental store, and the police suspect that it used data from customers to forge drivers' licenses for use by cult members engaged in criminal activities.

Japanese news organizations also reported Thursday that a former Aum official had confessed to the police that the sect was responsible for the disappearance of a lawyer and his family in 1989.

The lawyer, Tsutsumi Sakamoto, who had handled suits against the cult, disappeared along with his wife and year-old child.

According to press reports, the former Aum official said that a squad of senior sect members had drugged the Sakamotos and had taken them back to the cult's headquarters.

A Maid, and Luck, Averted 2d Disaster

New York Times Service

TOKYO — The nerve gas attack in March got all the attention. But if it had not been for an alert cleaning woman, Japan might have suffered an even worse poison gas attack early this month.

The police said the woman, who was not identified, noticed a couple of plastic bags beside a toilet in a men's rest room in Shinjuku Station, one of the busiest subway stations in Tokyo. She picked them up and put them beside the door for disposal later.

In fact, the bags were a sophisticated chemical weapon, set to produce cyanide gas — enough to kill, in theory, 10,000 people.

The cleaning woman apparently jiggled the bags in such a way that she disrupted the automatic trigger mechanism. When they burst into flames a bit later, that evening of May 5, the fire was small enough that the police were able to put it out in time to avoid a chemical reaction that would have produced cyanide gas.

The police are investigating the case as attempted murder. For now, there is no evidence linking it to Aum Shinrikyo, the religious sect whose leaders were arrested Tuesday on murder and other charges arising from the March 20 nerve gas attack, which killed 12 people and injured 5,500.

The police reported the attack a day after it happened, but it was not clear then how close Tokyo came to a major disaster. It now seems that only luck averted a catastrophe.

The cyanide device was placed near a rest room vent with a fan that is piped to a subway platform; several Japanese news organizations reported. Vents in other rest rooms go to the ground outside, where gas would be dispersed and hurt fewer people, so it appears that the terrorist may have had special knowledge of the station's ventilation system.

The cyanide would have been produced if sodium cyanide, in one plastic bag, had mixed with sulfuric acid, in the other. The automatic trigger produced only a small fire that burned through just one bag by the time police arrived.

The two kilograms (4.4 pounds) of fresh sodium cyanide used would have produced about one kilogram of cyanide gas — enough theoretically to kill 10,000 people, according to Tadashi Miyasaki, a chemistry professor at Showa University. Sulfuric acid is easy to obtain in Japan, but the sale of sodium cyanide is restricted, and chemists said it would be quite difficult to obtain two kilograms of it.

The police have recovered a stockpile of sodium cyanide from the headquarters of Aum Shinrikyo.

—NICHOLAS D. KRISTOF

New Delhi May Ease Its Grip on Kashmir

By John F. Burns
New York Times Service

NEW DELHI — A week after India's hold on the disputed Kashmir region was shaken by the destruction of the state's most revered shrine, the government of Prime Minister P. V. Narasimha Rao appeared to have moved closer to offering its Muslim majority a degree of political autonomy short of independence.

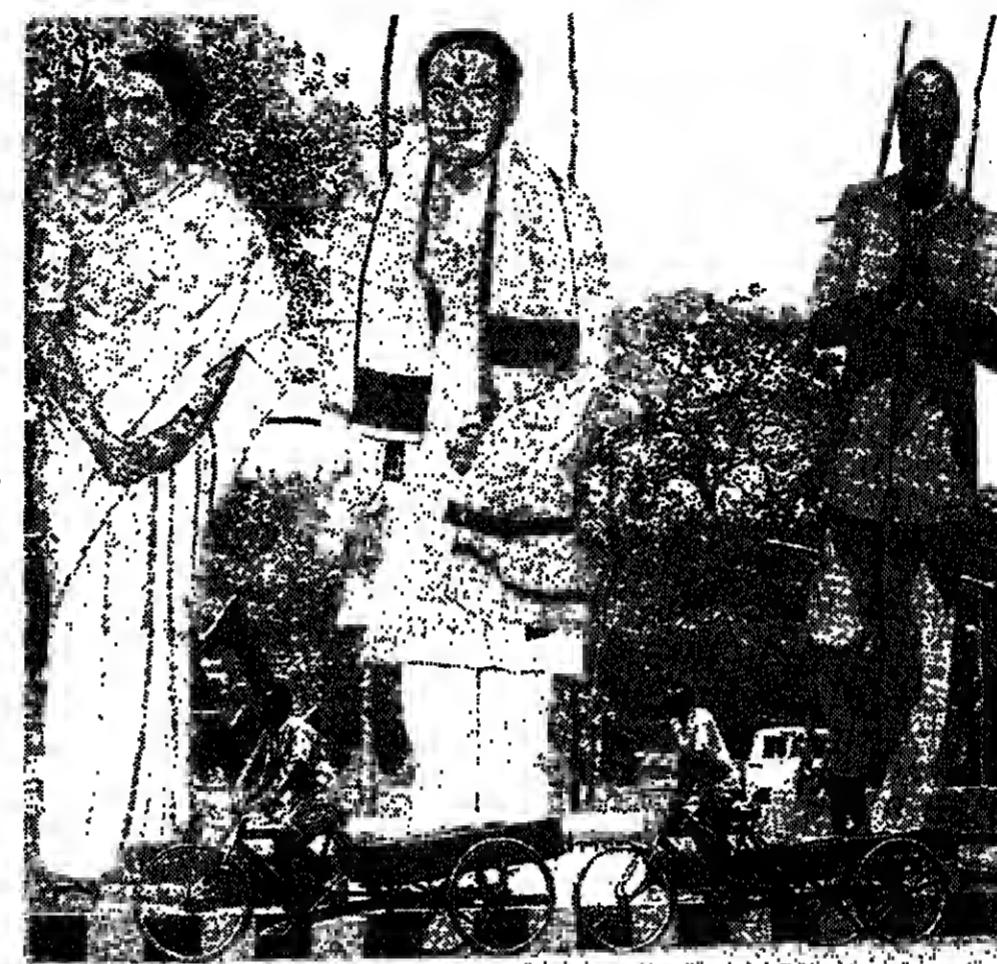
The possibility of returning to Kashmir at least some of the autonomy that India began to erode in the early 1950s has been under discussion within the Rao government for months.

But the inferno that razed the shrine at Charar-i-Sharief in the Kashmir Valley a week ago, along with most of the homes of the town's 20,000 residents, seems to have strengthened those in the government who favor political concessions to the Muslim insurgents who have fought Indian troops in Kashmir since 1990.

The strongest hints of a new policy have come from Mr. Rao, whose government was thrown into turmoil by the destruction of the 535-year-old shrine, and by Muslim militants' assertions, denied by the Indian Army, that it was the army that set the fires that gutted Charar-i-Sharief.

Mr. Rao has seemed keen to emphasize his government's readiness for a new dialogue with Kashmiri Muslims, and, ultimately, for a political compromise.

In Parliament on Wednesday, the government survived



ADVANCE TEAM — Opponents of Prime Minister P. V. Narasimha Rao prepared for a rally Friday by placing cutouts of Indira Gandhi, right, and her son, Rajiv, both of whom are dead, and of Arjun Singh, right, a dissident leader in Mr. Rao's party, around the city.

an opposition censure vote over the destruction of Charar-i-Sharief. In remarks at the time, Mr. Rao said detained Muslim leaders who have been released

by the government in recent months had spoken of independence in a way that suggested they might accept "something less which we can give or consider."

The Indian leader added that the constitution was "flexible and imaginative enough" to embody changes that would give Kashmir a degree of autonomy.

The state government had wide authority in the early years after independence in 1947 but lost much of it in a clash with the New Delhi government in 1953. Although it continued to have a special constitutional status, the state came progressively under New Delhi's control, and lost political authority altogether with the imposition of direct rule by the central government in 1990.

Muslim leaders in Kashmir have said the state's future should be decided in a plebiscite supervised by the United Nations. But India has rejected that option for decades, and Mr. Rao underscored the limits of New Delhi's flexibility by telling a magazine that India will never countenance the state's secession.

"Our basic policy towards Kashmir is clear and firm," Mr. Rao said in an interview pub-

lished Wednesday in the news magazine India Today. "Kashmir is an integral part and part of India. The accession was final."

The reference was to the document signed in October 1947 by Kashmir's Hindu ruler, Maharaja Hari Singh, under which he agreed that Kashmir should become part of India. But the accession was never accepted by Pakistan, which has held a third of Kashmir since 1947 and demanded that the Muslim majority in the Indian-ruled part of the state should be given the choice, in a plebiscite, of joining Pakistan.

If Mr. Rao decides to offer wider powers to Kashmir, he will have to walk a political tightrope. Many in the governing Congress (I) Party oppose concessions, seeing them as a first step toward a dangerous weakening of India.

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Sarajevo Forced to Put Sniper Barriers Back Up

Reuters
SARAJEVO, Bosnia-Herzegovina — Sniper barriers went up along Sarajevo's main boulevard Thursday after the worst fighting in months in the Bosnian capital left 15 people dead and dozens wounded in three days.

Although the level of fighting had eased after artillery barrages and small-arms exchanges, the killing of civilians continued. The fighting had been described by the United Nations as the worst in 18 months.

Three people were killed and nine were wounded by sniper fire and shrapnel from a shell that landed near a busy outdoor market in a residential area. One of the dead men was helping to put up a sniper barrier.

After an anti-sniper agreement and a ban on heavy weapons around the city were reached last year, most barriers, made from freight containers, were removed from Sarajevo. A four-month cease-fire brought further respite, but it ran out on May 1 and was not renewed.

The United Nations received assurances from the Bosnian Serbian commander, General Ratko Mladić, and General Mustafa Hajrizi of the Muslim government army that there would be no more fighting in Sarajevo, a UN spokesman said.

But there have been many such assurances from the warring parties, and few of them were honored for long.

Elsewhere in Bosnia, the United Nations said Serbs failed to gain ground along a vital supply corridor in the north after pounding Croatian forces in their Orasje enclave with artillery and tank fire for several days.

The Serbian attack, which began last week, appeared aimed at securing the narrow corridor that links Serbian-held territory in Bosnia and Croatia with Serbian-led rump Yugoslavia.

In northwest Bosnia, about 155,000 residents in the government-held Bihać enclave were reported by relief officials to be facing starvation unless its besiegers lifted their blockade on relief convoys.

"If nothing happens now, we are facing starvation," said Mans Nyberg of the UN High Commissioner for Refugees. "We would need one convoy every day to get the situation there back to normal." The last complete UN refugee convoy reached the enclave on April 4.

[Mr. Milosevic could foresee



New Offer to Serbia Would Speed Relief

By Steven Greenhouse
New York Times Service

WASHINGTON — Grasping for ways to slow the renewed fighting in Bosnia, an American diplomat has presented Serbia's president with a new plan that would offer Serbia greater relief from sanctions than a previous rejected offer if in return it recognizes Bosnia's borders, Western diplomats said.

The officials said they hoped the new plan, which was presented to Serbia's president, Slobodan Milosevic, in talks on Tuesday and Wednesday in Belgrade, would win his assent because it offers him more relief from sanctions than were included in a plan that he had rejected last winter.

He had rejected the previous plan because he wanted sanctions eased before recognizing Bosnia.

The new plan promises faster sanctions relief after recognition of Bosnia than the previous plan.

[Mr. Milosevic could foresee

recognizing the international borders of Bosnia-Herzegovina in exchange for a significant easing in sanctions, Agence France-Presse reported Thursday from Belgrade. A source said talks on the issue between the Serbian president and Robert C. Frasure, the U.S. representative in the five-nation "Contact Group," had reached an advanced stage.

In Paris, meanwhile, France said Thursday that there had been progress in efforts to persuade Mr. Milosevic to extend formal diplomatic recognition to Bosnia. Reuters reported.

The new plan calls on Serbia to recognize Bosnia's borders — a step that Western diplomats say would be an important one toward reducing tension — and allow the United Nations to station more monitors along Serbia's borders to cut off trade between it and the Bosnian Serbs. The plan also calls on Serbia to grant limited recognition to Croatia.

In return, administration officials said, the United Nations would suspend economic sanctions on Serbia, except for the embargo on oil and arms.

"We hope it would be a defusing step that would back all the tensions down," a senior administration official said.

In the hope of getting Serbia to step up pressure on the Bosnian Serbs, the new offer suggests that all sanctions on Serbia would be lifted, and not just suspended, if the Bosnian Serbs accept a compromise map that would give Bosnia's Muslim-dominated government control of 51 percent of the country's land. The Bosnian Serbs, who now control more than 70 percent of Bosnia, would be given 49 percent.

American diplomats said the plan is intended to get Mr. Milosevic to apply more pressure on the Bosnian Serbs to make peace, to isolate them diplomatically and to cut off the flow of arms and goods that they need to continue fighting.

Serbian recognition would not lead to immediate peace in Bosnia since Bosnia's Serbs have grown increasingly defiant of Mr. Milosevic. Nonetheless, such recognition is considered

important because Mr. Milosevic, who is widely seen as having instigated the war, would in effect give up his dream of adding parts of Bosnia to a Greater Serbia.

The new offer was finalized a week ago at a meeting in Frankfurt of senior officials from the United States, Russia, Britain,

France and Germany. Mr. Frasure, a U.S. deputy assistant secretary of state, went to Belgrade this week to present the plan to Mr. Milosevic.

The United States sees Mr. Milosevic as the most powerful leader in the Balkans and a pivotal figure in any peace efforts in the former Yugoslavia.

BRIEFLY EUROPE

EU Chief Seeks Efficiency

BRUSSELS — The European Union must reinvent and streamline itself or risk disintegrating as it sets out to expand eastward, the president of the European Commission was quoted as saying Thursday.

"Now that we have decided to enlarge the community, we also have to make our institutions more efficient," Jacques Santer told the British newspaper *Financial Times*.

Without going into great detail, Mr. Santer said the costly Common Agricultural Policy — which swallows half the 15-nation Union's annual budget of \$8 billion European currency units (\$102 billion) — would have to be reformed to cope with the prospective membership of the states along the EU's eastern border.

He added that the commission aimed to produce reform plans by the end of the year. "Reform is not just a question of principle," he said. "It is also a question of efficiency." (Reuters)

Farm Supports Denounced

BONN — The German agriculture minister, Jochen Borchert, on Thursday attacked what he called "outrageous" European Commission proposals to change the way farmers are compensated if currency fluctuations erode their income.

Addressing Parliament, he said some of the commission's arguments left him almost speechless and he asked whether the European Union executive's intention might be to abolish all protection for farmers for losses if currencies strengthened.

"My mistrust is great, very great," Mr. Borchert said. "For German farmers this is to put it diplomatically, an outrageous proposal."

Mr. Borchert said German farmers had been hard hit by the mark's surge against other currencies, which had cut their exports and led to increased imports of cheaper foreign farm produce. (Reuters)

Poland Awaits Instructions

WARSAW — Prime Minister Józef Oleksy renewed his request Thursday that Poland be told exactly what it must do to enter the European Union as quickly as possible.

After a meeting with Hans van den Brook, the EU commissioner for foreign affairs, he said: "We focused our attention on the vast mass of adjustment work which must be completed in Poland in a short time, to meet European Union

criteria." He added that Poland expected to play a greater role in the political dialogue that will lead up to EU membership.

Mr. van den Brook said he still could not give a firm date for Poland's entry into the Union because that depended on Warsaw's own progress in meeting economic and political requirements. But he said the EU would do everything possible to speed up the process.

"We are very much heartened and encouraged by the progress that has been made in Poland in the process of economic and political reform," he said, adding that high-level missions would be held in coming days to discuss trade issues. (Reuters)

Thumbs Down for the EU

VIENNA — After belonging to the European Union for just 150 days, nearly half of all Austrians want out, a poll published Thursday showed.

Last June, two thirds of Austrians voted in favor of joining the EU. Now, 47 percent say they would vote against joining, according to a survey by the Gallup institute for the weekly *News* here.

One of the main reasons for the EU's fall from favor was the feeling that membership had failed to bring such benefits as lower prices or significant economic growth, the poll said. (Reuters)

Calendar

European Union events scheduled for Friday:

BRUSSELS: Prime Minister Paavo Lipponen of Finland talks with members of the European Commission.

BRUSSELS: Jacques Santer, president of the European Commission, attends European Round Table of Industrialists.

TUNIS: Manuel Marin, commissioner for relations with Asia, the Mediterranean and Latin America, visits for talks on the EU-Mediterranean accord.

FRANKURT: Monika Wulf-Mathies, commissioner for regional policy, meets with managers of the Frankfurt Rhein-Main airport.

GDANSK, Poland: Hans van den Brook, commissioner for foreign affairs, attends the fourth-annual Council of Baltic Sea States.

Sources: Agence Europe, AFP.

Tajik Leader Talks With Muslim Rebel

Agence France-Presse

KABUL — President Imol Rakimov of Tajikistan and Said Abdullah Nuri, an Islamic rebel leader, held talks here Thursday aimed at ending their bloody civil conflict.

The bitter rivals have been brought together for the first time to negotiate the end of a war in the former Soviet republic that has left an estimated 50,000 people dead in more than three years of fighting.

Sources familiar with the meetings, which began late Wednesday, said they were intended to build up a personal relationship between the Tajik foes.

"If two brothers do not meet, can you hope to establish trust?" asked an adviser to the Muslim opposition.

Mr. Rakimov, a neocommunist who is backed by Moscow, paid tribute to his opponent in a brief statement before the meeting. The president described Mr. Nuri as "a great Tajikistan figure."

The main issues the two are discussing are a permanent cease-fire and a way to achieve national reconciliation.

The rebels have made three main demands of Mr. Rakimov, who won a recent election and has been further strengthened by military gains. His government is supported by about 20,000 Russian-led forces from the Commonwealth of Independent States.

Mr. Nuri's Islamic Renaissance Movement wants an interim government made up of neutral figures to be set up in the Tajik capital, Dushanbe.

It also wants a special force to separate the rival camps, to withdraw from the Tajik province of Badakhshan, which they entered after a recent cease-fire.

The results of the talks may not become apparent until next week, when the two sides hold a new round of UN-organized negotiations in Alma-Ata, the capital of Kazakhstan. "This will lay the ground for the Alma-Ata talks," an opposition official said.

The United Nations is not involved in the Kabul talks, however.

Chechen Villagers Flee Heavy Russian Shelling

Reuters

NOVY ATAGI, Russia — Villagers streaming down from the mountains in southern Chechnya on Thursday, fleeing intensive shelling by Russian forces of rebel positions.

Russian troops unleashed unusually fierce mortar and artillery bombardments against the locality of Shatoi, about 50 kilometers (30 miles) south of the capital, Grozny, and shelled other rebel-controlled villages along the way.

Chechen officials said Russian planes had also been in action, making eight bombing sorties overnight on Shatoi and on two other villages.

The chief rebel spokesman, Movladi Udgov, speaking by telephone, was disdainful of the effectiveness of the Russian

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INTERNATIONAL

Chirac Beefs Up Finance Ministry

Personal Loyalty a Key Factor As President Fills Out Cabinet

International Herald Tribune

PARIS — President Jacques Chirac appointed a new government on Thursday, giving a supervisory for economics to Alain Madelin, 49, a free-market who champions freer competition to spur French industry into better performance, especially in job creation.

Except for Mr. Madelin's role, the makeup of the overall government suggested that French policy, especially the domain of foreign affairs in security and economics, will be run by Mr. Chirac and Prime Minister Alain Juppé, 49.

Top cabinet posts went either to Chirac loyalists, including Jacques Toubon, who was named as justice minister with the rank of No. 2 in the cabinet, or else to center-rightists deemed unlikely to challenge the tightly knit Gaullist pair at the top.

The most important are Foreign Minister Hervé de Charette and Defense Minister Charles Millon. Both are centrists whose presence provides reassurance about sharing power among the main conservative factions and about continuity in French attitudes toward European integration.

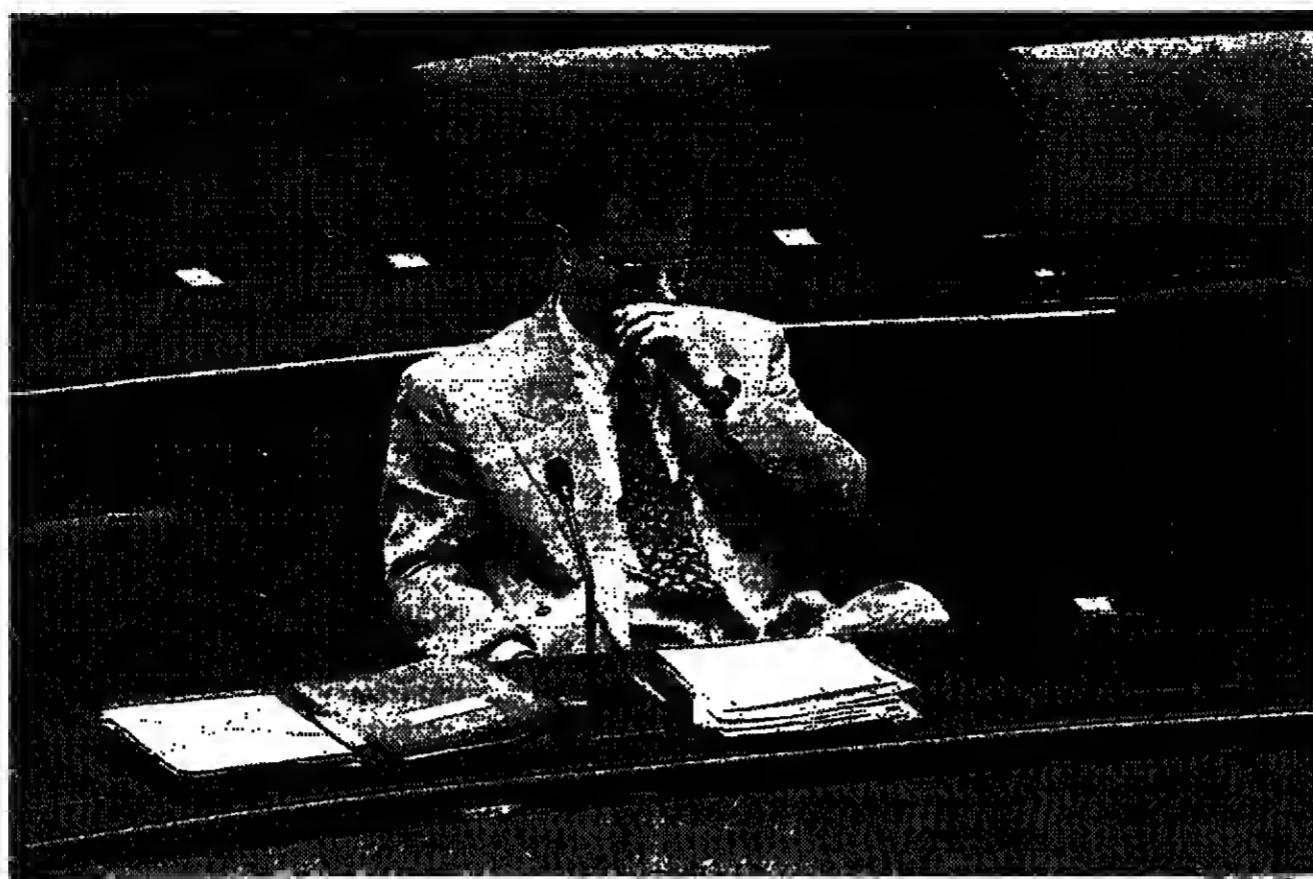
Both men earned their cabinet jobs by coming out early in support of Mr. Chirac's presidential bid, but neither has significant international experience. The junior minister to handle European affairs will be Michel Barnier, a Gaullist.

The new government includes a record 12 women, all in junior positions with the exception of Health Minister Elisabeth Hubert.

Mr. Juppé was foreign minister in the outgoing government of Prime Minister Edouard Balladur, and his top aide there — Dominique de Villepin, 41 — has moved over to Mr. Chirac's office as the presidential chief of staff. Juppé aides, many of them graduates of France's elite schools that also turned out Mr. Chirac and Mr. Juppé, have been split between his own office and Mr. Chirac's to ensure smooth teamwork.

The French Cabinet

Prime Minister: Alain Juppé.
Interior: Dominique de Villepin.
Finance: Alain Madelin.
National Education: François Bayrou.
Territorial Management and Transport: Bernard Pons.
Foreign Affairs: Hervé de Charette.
Defense: Charles Millon.
Interior: Jean-Louis Déthié.
Parliamentary Relations: Roger Roman.
Labor: Jacques Barrot.
Agriculture: Philippe Douste-Blazy.
Economic Development: Jean Ariot.
State Reform and Decentralization: Claude Gueant.
Civil Service: Jean Puech.
Health: Elisabeth Hubert.
Social Affairs: Eric Woerth.
Solidarity Between Generations: Colette Chodat.
Agriculture: Philippe Vassier.
Industry: Yves Collard.
Housing: Pierre-André Perissel.
Science and Medium Business: Jean-Pierre Raffarin.
Technology, Information and Posts: François Fillon.
Diverse Territories: Jean-Jacques de Peretti.
Environment: Corinne Lepage.
Youth and Sports: Guy Drut.
Tourism: Françoise de Pouyaffé.
Veterans Affairs: Pierre Poujolin.



Foreign Minister Kinkel at a Bundestag debate in Bonn on Thursday. He has been blamed for his party's misfortunes.

DUO: Chirac, With Kohl, Vows to Keep Strong Franc

Continued from Page 1

French-German entente doesn't change either."

Mr. Kohl congratulated Mr. Chirac on his victory, calling him "an old friend."

But he made clear that Germany would continue to press for closer integration among the 15 member nations of the European Union.

"What we don't want is a deluxe free-trade area, but what we want is European integration," Mr. Kohl said. "Europe will have a future if Germans and French stand together."

German officials expressed concern that Mr. Chirac would take a more nationalistic stance about pending reform of the European Union, frustrating German ambitions to strengthen the powers of the European Parliament and narrow the scope of national veto power in sensitive areas like foreign policy and judicial and police cooperation.

"Without France making a serious effort to reduce its budget deficit over the next two years, the prospect for monetary union is very bleak," said a senior EU official. The understanding, he added, is that Germany would never enter a currency.

hostility to proposals to deepen EU integration.

But for all the issues that could divide them ahead, the one-hour meeting and a subsequent dinner here was essentially a personal one for the two men, an opportunity for each to take the measure of the other and begin building the rapport that has characterized French-German relations since the days of de Gaulle and Adenauer.

On currency matters, Mr. Chirac's dilemma is clear. He has made it his first priority to slash the country's 12.3 percent unemployment rate but has almost no spending room if he wants to meet the Maastricht treaty's timetable for a single currency.

France's budget deficit has ballooned to around 5 percent of national output, well above the single-currency limit of 3 percent.

"Without France making a serious effort to reduce its budget deficit over the next two years, the prospect for monetary union is very bleak," said a senior EU official. The understanding, he added, is that Germany would never enter a currency.

"It will be up to us to stop the French from hiding behind the British position," a senior German official said, referring to Prime Minister John Major's

rency union without France because the only other potential partners, like the Netherlands and Austria, are too small.

Jean-Jacques de Peretti, an economic adviser to Mr. Chirac, said doubts about Mr. Chirac's support for a strong currency were misplaced. "He is without doubt the man most focused on the strong franc," he told RTL radio.

Financial analysts, however,

seen almost as sharply divided over the direction of policy as Mr. Chirac's own advisers,

although the appointment

of pro-European, as prime minister had swayed the balance heavily in favor of continuity.

Investors, however, remember that in 1992, when France was sinking into economic recession, Alain Madelin, a militant free-marketeer who was named to the powerful post of finance minister, argued for severing the link between the franc and the Deutsche mark so that interest rates could be cut and the economy could get a boost.

VETO:

Arabs Angered

Continued from Page 1
pean Commission official said. "It puts us completely at loggerheads with them; we are furious with both the Israelis and the Americans."

EU sources say postponement of a long-delayed trade agreement with Israel could be the first tangible result. "I do not see how we can go on with this at the moment," said another senior EU source.

Relations between the EU, the biggest single donor to the Palestinians, and Israel were already tense over an Israeli refusal to allow aid money to reach Arab East Jerusalem.

A last-minute effort at the United Nations to replace the resolution with a Security Council presidential statement, which carries less weight, failed Wednesday after Russia proposed a draft that was still too strong for Washington and too weak for the Palestinians, who wanted a formal vote.

Diplomats said Russia had introduced the alternative with the encouragement of Washington, though it was clear that a majority would back the original resolution, which had been debated and watered down since last week.

The resolution, which carried no sanctions or other punitive consequences, asked Israel "to rescind the expropriation and to refrain from such action in the future."

The resolution, introduced on behalf of the Palestinians by Oman, with the joint sponsorship of Botswana, Honduras, Indonesia, Nigeria and Rwanda, declared the expropriation of the land in Jerusalem in late April illegal under earlier UN resolutions, a statement the U.S. delegation called "legally questionable."

"This council is not able — and should not seek — to try to resolve sensitive issues in the Middle East peace process," Madeleine K. Albright, the chief U.S. representative, said in a statement to the council. "That is for the parties, who must live with the outcome of those negotiations."

The United States has expressed the view that the Israeli notion to expropriate land in Jerusalem is unhelpful. Clearly, this Israeli decision does not move the peace process in the right direction. But by injecting the council into this issue, this resolution would merely compound the problem."

But a U.S. official also described the resolution as "politically stupid" because it could cause Israel to become even more hard-line on the issue of land rights.

(Reuters, NYT)

MARK YOUR DIARY!

The International Herald Tribune and the American Hellenic Chamber of Commerce are convening a major conference on the outlook for trade and investment opportunities in the Balkan countries. The aim of the conference will be to provide an opportunity for dialogue at the highest level between Balkan government, business and financial leaders and their counterparts from around the world.

A mix of plenary sessions and in-depth workshops will ensure delegates will have the opportunity to meet and do business with the key decision-makers in the region.

FOR FURTHER PROGRAM DETAILS, PLEASE CONTACT:

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AMERICAN HELLENIC CHAMBER OF COMMERCE
Herald Tribune
THE WORLD'S DAILY NEWSPAPER

CLASH: Trade Experts Sparring

Continued from Page 1
Trade Agreement and the World Trade Organization.

He has dominated China policy — often to the chagrin of the State Department — calculating correctly that the Chinese would back down in the face of sanctions over the violation of intellectual property rights.

Now, with far bigger stakes, he is trying the same strategy with the Japanese.

"In the 1950s and the 1960s we could afford to open our markets and let countries like Japan maintain sanctuary markets," he said Wednesday.

"There was a Cold War on, and it was the right policy at the time. But we can't afford to do it anymore. We were 40 percent of the world economy then, and we are 20 percent of the world economy now."

Mr. Hashimoto also talks of a new age, an age in which Japan emerges from America's shadow and stands up for itself.

He has vowed that this trade dispute will be different from all others, that Japan will not back down at the last minute. Whether he is blustering is the subject of endless speculation in State Department cables and the analysis that pours out of the CIA station in Tokyo.

Whether Mr. Hashimoto will be an impediment is unclear. He has often accused Mr. Kantor of moving the goal posts, and has wondered aloud whether the Clinton administration really wants an agreement.

RIVIERA: A Refuge for Russians

Continued from Page 1
the rank-and-file at a party convention; that crisis followed a federal election in which the Free Democrats narrowly won enough votes to remain in the Bundestag, Parliament's lower house, and to provide Mr. Kohl with a governing majority for another four years.

Despite the misfortunes of his allies, Mr. Kohl has maintained his trademark optimism and the coalition in Bonn appears secure. Riding a flourishing economy and an apparent crest of public goodwill, the chancellor appears to believe he is amassing sufficient clout to have his way in Bonn regardless of the Free Democrats' wobbly state.

The recent setbacks have been bitter for the Free Democrats, who have been junior partners in all but two of the 17 governments formed in Bonn since 1949. After serving with the Social Democrats from 1969 until 1982, the Free Democrats changed horses to the Christian Democrats, giving Mr. Kohl the chancellor's office he has held ever since.

They love to shop for the most exclusive name brands, spend a lot of time on the beach, and go off gambling at night," said Michel Palmer, director of the Negresco Hotel, a Belle Epoque architectural masterpiece whose 18-foot (5.5-meter) crystal chandelier holds special appeal for Russian guests. It is one of two crafted by the House of Baccarat at the behest of the Czar Nicholas II; the other, illuminated, is the Great Hall of the Kremlin.

Mr. Palmer has ordered up a Russian menu at the hotel's plush Chantecler restaurant, where Slavic palates are more inclined toward meat, potatoes and vodka than toward the subtler arts of French cuisine.

BUDGET: House Passes Measure

Continued from Page 1
Medicaid and subsidized loans for college students.

"If the American people are given a moment to consider it, they will find the Republican budget is so much more reckless, so much more extreme than any budget that has come before, it really belongs in the Guinness Book of World Records," Representative Gephardt said.

"To make it worse, what is all this for? It's for a tax cut that lavishes the most on those who have the most."

Democrats said the Republican proposal would slash Medicare benefits, reduce the quality of care and raise its cost to retirees by more than \$3,500 over seven years.

Republicans said they would spend \$1.6 trillion on Medicare over the next seven years, twice as much as in the last seven years, and that annual spending would continue to rise by 5.4 percent, on average.

Harold C. Deutsch, Dies, World War II Historian

Eric Porter, 67, Stage Actor And Star of *Forsyte Saga*

LONDON (Reuters) — Eric Porter, 67, a reclusive British stage actor best known for his leading role in the television drama "The Forsyte Saga," died Monday in a North London hospital while being treated for colon cancer.

Mr. Porter will be best remembered for playing the hero Soames Forsyte in "The Forsyte Saga," a role that won him many awards. The period drama was one of the most successful in the history of the BBC.

Harry E. Bergold Jr., 63, an official and diplomat who provided information to journalists that led to the discovery that U.S. government funds were being sent illegally to anti-Sandinista fighters in Nicaragua, died Tuesday at his home in Paris.

In most places I would be decorated for attracting investments that help create jobs for the local French economy, but here I get asked all sorts of questions by the tax police," he complained. "I'm not interested in handling dirty money, mine is clean. But if this kind of harassment continues, the French are going to scare off Russian investors, just like they scared off the Americans and the Af-

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H. Arnacost, was pressing for Japan to make a huge contribution to the effort.

Mr. Hashimoto resisted, but in the end he was forced to back down. Japan paid \$13 billion, and Mr. Hashimoto let it be known he thought America was not sufficiently grateful for the contribution.

Moreover, he resented the pressure and Mr. Arnacost's quickness to do an end-run around him, negotiating with one of his biggest political rivals, Ichiro Ozawa.

If the U.S. administration finds Mr. Hashimoto prickly and unpredictable — he and Treasury Secretary Robert E. Rubin are on particularly bad terms — so do his own bureaucrats.

Mr. Hashimoto has been known to walk into negotiations and toss aside his notes, to the horror of his minions. That happened last fall, when he and Mr. Kantor broke a deadlock over the importation of American-made glasses to Japan, one of the country's most hermetically-sealed markets.

"He's pragmatic, realistic," Mr. Kantor said of his sparing partner. "I don't see him as an impediment."

Whether Mr. Hashimoto will be an impediment is unclear. He has often accused Mr. Kantor of moving the goal posts, and has wondered aloud whether the Clinton administration really wants an agreement.

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INTERNATIONAL

Gondoliers Sing the Blues

Venice Canal Cleanup Is Hurting Business

By Celestine Bohlen
New York Times Service

VENICE — It has been almost 50 years since Venice last cleaned its canals, and the dirt and smell were beginning to get out of hand, as when any housecleaning is put off too long.

Venetians themselves, typically defensive about the city's periodic and characteristic bad odor, had to admit that the smell was a hit strong, particularly in the back canals where at low tide there was only 15 inches of water, sloshing over six feet of mud.

In some neighborhoods, the mud was so high that fire and ambulance boats couldn't get through. Even gondoliers were unable to get their sleek black vessels through the muck.

Yet, now that the city has begun dredging its internal waterways, who is complaining? The gondoliers of course, whose livelihood depends on the canals and on the tourists who pay about \$75 for a half-hour glide through darkened waters.

"It is a tragedy for those of us who work this job," said Stefano, 36, a gondolier who refused to give his last name. He berths his gondola in a small canal near the opera house, Teatro La Fenice, where the city has already blocked off several sections of canals for dredging.

"I am not saying they should not clean the canals, I am saying it should be done quickly. But we can only protest so much, because these things are necessary,"

A gondolier

This time, it took a national law, passed in 1992, and then more than a year of inter-jurisdictional quarreling to figure out who had the responsibility for the \$10 million project.

Dirty canals are the least romantic of Venice's problems. Several years ago, the world responded with alarm to reports that the city was sinking, but that threat subsided after industries on the mainland were ordered to protect the water table.

The elaborate \$5 billion Moses project, a flexible seawall with a series of flap gates that would stretch along the lagoon and block high tides from reaching the city, has been put on hold, awaiting further study.

After they drain the canals of water, the next task is to get rid of the mud, which is

expected to pile up to a whopping 500 cubic meters (17,600 cubic feet). When Venice last cleaned its canals, in the 1950s, the mud was dumped in the lagoon.

Now, with new environmental laws in force, it must be separated and catalogued, with the most polluted part sent to the treatment plant and the least polluted destined to shore up two islands in the lagoon, including San Michele, which is Venice's cemetery.

Dredging finally began in October, starting in the La Fenice neighborhood where a mile of canals is being drained in 100-yard sections.

Over the next 20 years, Venice hopes to drain and clean all 30 miles of its internal waterways, but Giovanni Sandri, who heads the city's technical office, said the cost of finishing the job would be 10 times the budgeted amount.

"In general terms, there has never been so radical an intervention in the city canals," Mr. Sandri said. "It is not just a cleaning. We have to take out the mud, reinforce the foundations of the buildings, public and private, and modernize the sewer system."

Under a formula that dates back to the republic, the city pays 75 percent of the cost of reinforcing foundations of private houses.

Venice's sewerage is a touchy matter, since there are no pipes linking the old part of the city to its treatment plant.

Most palazzos have their own septic tanks, but there is a certain amount of seepage — the city engineers estimate 10 to 20 percent — which explains much of the *spessa*, the word for stench in the Venetian dialect.

Venetians insist this particular smell is no more unhealthy than the smog and pollution of automobile-clogged cities.

"I must demythologize the smell of Venice," Sandri said. "The bad smell happens only a few times, when it is very hot, and the pressure is low, and it is not tragic."

Panel Votes To Merge 3 Agencies in State Dept.

By Thomas W. Lippman
Washington Post Service

WASHINGTON — On a straight party-line vote, the Senate Foreign Relations Committee has approved a bill to abolish three government foreign policy agencies and merge them in a reorganized State Department.

Barring a revolt on the Senate floor — unlikely, given the solid Republican support and a pledge from the majority leader, Senator Bob Dole, to push the bill through by July 4 — the vote appears to doom the Arms Control and Disarmament Agency, the U.S. Information Agency and the Agency for International Development, which administers foreign aid.

They would be sharply reduced in size and mission over the next two years, then merged into the State Department.

A similar measure has been approved by the House International Relations Committee. Several thousand jobs would be abolished, and AID posts overseas would be eliminated. The Senate bill includes \$225 million to be spent in fiscal 1996 and 1997 for "transition activities," including buyouts.

The administration opposes the merger, but Republican strategists are trying to include the bill veto-proof by including the reorganization and what remains of foreign aid funding in the same measure.

Representative Robert L. Livingston, the House Appropriations Committee chairman, has pledged not to appropriate any money for international operations next year unless the authorization measure has been approved first.

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GOING WITH THE GRAIN — Prince Norodom Ranariddh, the Cambodian prime minister, being carried Thursday to attend the Chrot Prea Neang Kori ceremony marking the beginning of the rice season in the country.

Orthodox Jews in Israel Flip Their Wigs

By Barton Gellman
Washington Post Service

JERUSALEM — For six months or more there was only a poster campaign that brought a rarefied Talmudic debate to the streets.

Wigs, declared the anonymous authors, are wanton and immodest and in no way a adequate head coverings for married women.

"When the Messiah comes, the first thing he will do is eliminate the wig," proclaimed one such message on the walls and kiosks of Jerusalem's rigorously Orthodox Jewish neighborhoods. "A woman who wears a wig is preparing herself for hell."

Aliza Lipschitz, who owned a wig shop and found that poster outside her door, was unpersuaded. A married woman, she agreed, must not display her naked hair in public. But wigs are thought sufficient cover among the rabbis of her strict Gur Hasidic sect, and most of her customers were ultra-Orthodox Jews.

Then, two weeks ago, someone burned the Lady Wig Salon to a hollow shell.

After two decades in the same storefront in the Geula neighborhood, which is adjacent to the better-known Orthodox enclave of Mea Shearim, Mrs. Lipschitz arrived to an acrid stench of burned synthetics beneath the charred sign advertising her "big collection of hats and fashion accessories."

Now many of Mrs. Lipschitz's neighbors are waiting for the other shoe to drop.

Provocations like this, they say, do not tend to go unanswered in disputes among Orthodox — the preferred self-description of the rigorously Orthodox, from the Hebrew word for those who tremble before God.

Menachem Friedman, a sociologist and an authority on ultra-Orthodox society, said these Jewish fundamentalists were fighting "an ongoing war" of religious culture that spills only irregularly into open view.

The police say the fire was clearly arson, but they have no suspects in custody and acknowledge that Jewish fundamentalists prefer to solve their problems among themselves.

Coercion is common enough in rigorously Orthodox disputes, but it does not tend to make headlines here unless it has some effect on the majority of secular Israelis.

It often does. By stoning cars and blocking streets, the rigorously Orthodox have gradually put more and more of Jerusalem off-limits to automobile traffic on Saturday, the Jewish Sabbath. And billboard-advertisers were forced years ago to stop displaying women in bathing suits on bus shelters after Orthodox protesters began burning the advertisements, shelter and all.

What distinguishes the war of the wigs from these other battles? Tamar Elor, a professor at Hebrew University, said that this time they were not burning some secular store. She's an Orthodox woman selling something that Orthodox women wear."

Ms. Elor, the author of a book on rigorously Orthodox women, said flashes of violence often marked the inner conflicts of the hard world. Some are small incursions at the borders of traditional influence among the sects. Other violence is the work of individuals who want to show bold acts that they are righteous. And some comes from the minorities who fight back when they feel their customs are threatened.

"This community is all the time rearranging itself," Ms. Elor said. "It's not a frozen community."

The argument over wigs is a serious religious matter to Jews. Since the Middle Ages, Jewish men have used a skullcap to express their humility before God. For married women, the obligation to cover the hair is one of sexual purity, to avoid tempting other men.

Wigs began as a custom of the Ashkenazi, the Yiddish-speaking Jews of Eastern Europe. The Sephardic Jews, of Middle Eastern and North African origin, urge women to wear head scarves or hats instead.

Women of the strictest European sects shave their heads and wear only black scarves to cover their bodies.

At the Lady Wig Salon's blackened facade, Yossi Berkovitz, a yealiv student, said most religious disputes were resolved by rabbis, as they should be. "I am absolutely opposed to any sort of thing like this."

But other neighbors said violence was far from rare.

BOOKS

WHAT THEY'RE READING

• Karl Sommer, chief financial officer of BMW North America, is reading "Haben oder Sein" (To Have or To Be) by Erich Fromm.

"This is about the difference between running your life under directions from the outside and from inside yourself. This applies in any field of endeavor whether it is business or politics or your own personal life."

(Lawrence Malkin, IHT)



opmental disorder of the nervous system. According to Ronald Webster of the Hollins Communications Research Institute, stammering is an inherited, physically based "motor control disorder" involving undue force in the movement of the 100 or so muscles involved in speech along with a disturbance in auditory feedback (the stammer hearing his own speech). Since the average person speaks between 120 and 190 words per minute, producing 600 vocal-tract shapes in that interval, there's room enough for a lot of "motor errors."

A theory extending back to Aristotle postulates a difficulty moving the tongue into position for the utterance of successive sounds. Treatment consisted of gargling with solutions of peacock, hyssop and thyme. If that did not work, surgical dissection was carried out on the frenum, the ligament attached to the bottom of the tongue, which was thought to restrain or bridle its movement.

During the 19th century, the emphasis shifted from the frenum to the tongue's intrinsic neurological organization. Surgeons excised a triangular bit of tissue from the root of the tongue. Enthusiasm for these mutilating, dangerous and painful operations waned in the face of a blistering attack on the procedure in 1841 in the English medical journal *Lancet*.

In this work, Benson Bobrick, a historian who himself is a former stammerer, provides an illuminating and insightful, though sometimes repetitive account of this disorder over the centuries.

Every stammerer holds his own theory about the origins of his stammer. Bobrick believes he incorporated his mother's stammer

times with the help of several portable electronic devices about the size and appearance of a hearing aid. A year after completing a program using this approach, Bobrick was able for the first time to accept interview requests and has "sold" stammerer since.

But despite such successes, scientists still do not understand the neurological basis for stammering. "The real scientific debate has to do with the precise neurological or language processing involved," concluded Bobrick.

Richard Restak, a neurologist and neuro-psychiatrist, wrote this review for The Washington Post.

BRIDGE

By Alan Truscott

STUDY the diagramed deal and try to answer this question: If the contract is four hearts by South and the lead is the spade jack, would you prefer to play or defend?

A splendid array of 52 such deals has been collected by Dr. Andrew Diros under the title "There Must Be a Way." It is available for \$11.95 postpaid from Master Point Press, 74 Ridgeway Avenue, Toronto, Ontario M6B 1J3, or (800) 749-3292.

These deals will give an analyst many happy hours of head-scratching. (No bidding is given.) The one shown in the diagram is from a section titled "Not too hard."

It might seem that South is on the way to making his contract, and that is true against passive defense. He ruffs the opening lead and drives out the top hearts. If East plays spades at every chance, South will eventually draw the missing trump, concede a diamond trick and make his game. Dummy's

diamonds take care of declarer's potential club losers.

But an alert East will shift to a club — any club — at his first opportunity. This gives away a trick, but defeats the contract because West obligingly has the club ten. The defense then per severs with clubs, and will take the setting trick in that suit when East eventually gains the lead with the diamond king. South is just too late.

NORTH (D)

♦ Q64

♦ 94

♦ AQJ98

♦ A972

WEST

♦ Q1032

♦ 92

♦ 1043

♦ K5

♦ 10554

♦ KJ2

EAST

♦ Q108753

♦ 873

♦ 872

South

North

East

West

Pass

EDITORIALS/OPINION

International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The \$100,000 Lexus

The Clinton administration's desire to open Japan's closed automobile market is understandable. But Bill Clinton's decision to impose 100 percent tariffs on Lexus, Infiniti and other luxury imports is mistaken and unnecessary. It seems designed more to mend the president's relations with American unions than to resolve trade differences with Japan. American sanctions violate the trade accord that the United States signed with more than 100 trading partners last year. Flouting international law betrays America's historic role as a defender of open trade conducted under fair rules that are honored by countries large and small.

The United States complains that the structure of Japan's auto market and regulatory barriers obstructs imports and nullifies Japan's trade commitments. But this complaint should be taken to the new World Trade Organization, which was created with U.S. support to help untangle this kind of trade dispute.

The two countries have already resolved many of their disagreements. Japan agreed to open more dealerships to U.S. manufacturers and to dismantle regulatory burdens, including costly inspections of imported auto parts. But the Japanese government remains unwilling to pressure manufacturers like Toyota to buy more U.S. parts for their new models.

The United States should not demand that any government, even the Japanese, manage private industry. The basis for the U.S. demand — that Toyota and other manufacturers turn to local suppli-

ers without giving U.S. companies a fair shot — is weak. After all, Toyota has a perfect right to tie itself even more rigidly to its suppliers, even through merger, without fear of violating any trade principles. It is hard to imagine the U.S. government telling General Motors and other U.S. manufacturers that they cannot produce many of their own parts.

Japan has vowed to haul the United States before the WTO for imposing unilateral sanctions. Japan will almost surely win the case and authorization to retaliate. It could then impose sanctions against U.S. exports like computers, software or aircraft. At that point the trade war would threaten the jobs of Americans in ways that the initial sanctions on high-priced Japanese auto do not.

The new U.S. tariffs will not go into effect until next month. By then, Japan may accept the U.S. demands. But even if it does, the Clinton strategy would be shortsighted. If the United States ignores its fair trade obligations, other countries will surely follow. Imposing sanctions also risks rupturing relations with a country which shares important security interests with America.

Having started down the wrong road, President Clinton can still turn back by pocketing the agreements on dealerships and parts inspections and declaring victory. He could then refer remaining issues to the WTO. That way there would be neither a trade war nor bruised relations with an important ally.

— THE NEW YORK TIMES.

Don't Strand the Poor

There are two dangers in the budget debate that moves now to the House and Senate floors. The first is that the underlying effort to reduce the deficit to some manageable level over the next however many years will fail. The second danger is that Congress will pursue the goal of a lower deficit, but do so mainly at the expense of the least well-off Americans, those most in need of help.

The debate these next few days will be heavily about Medicare. The Republicans propose large cuts in the program. The present cost trends are indeed unsustainable, as the Republicans have usefully begun at last to point out. And the program needs to be reformed. But we need not fear for its survival any more than for the survival of the other broad middle-class programs, from Social Security to school lunch, which the Democrats also made a show of protecting a couple of weeks ago. The constituencies will see that — in the case of Medicare, the elderly and disabled seventh of the population who receive the care itself; the hospitals and doctors that receive the fees; the families of the recipients who would have to pay the fees if the government did not. So Medicare is not the part of the budget in greatest jeopardy, and that is because it is not just a program for supplicants. The entire society looks to it.

The programs to help poor people who are struggling to make ends meet are something else again. They lack anything like comparable support. There are five big ones. Food stamps provide an implicit national income floor and now reach a

— THE WASHINGTON POST.

Other Comment

Halting the Spread of a Killer

Despite assurances of international health officials that the Ebola outbreak remains remote from population outside of Zaire, the spread of this killer from the town of Kikwit to several nearby villages renew questions about the world's capacity to stop catastrophic epidemics. Indeed, with the possibility that human or animal hosts might carry deadly viruses across not only borders but oceans, any local outbreak poses a far-reaching question: How can global outbreaks be thwarted?

Stopping an invisible agent is a tall order, especially in a nation such as Zaire that is short of the resources, medical and otherwise, needed to deal efficiently with infections. In the United States, the Public Health Service Act gives authorities broad powers to institute quarantines. According to the federal Centers for Disease Control and Prevention, stations in major ports of entry may isolate and contain individuals who arrive with obvious signs of infection.

That is good, but it is not enough. Nations need better help in attacking viruses where they spring up. That takes funding, plus vigilance by both the international medical community and local authorities. Later this year the World Health Organization will convene a conference to discuss, among other things, tightening quarantine standards. There is clearly a role for the United States in the matter of international epidemics.

— Los Angeles Times.

Global Economic Governance

Economic recovery is now under way in most OECD countries. Inflation is at its lowest level for decades. Yet 34 million people remain registered as unemployed. If the multilateral trade and investment system is to survive, a genuine system of global economic governance must be developed. Working men and women and not just financial markets need confidence in the credibility of policies. Governments must regain through collective coordination of their policies the sovereignty they have individually lost through the deregulation of financial markets. The current instability has unsupported social costs.

— From a statement by the Trade Union Advisory Committee to the OECD.

Wishing Chirac Well

On Europe, Jacques Chirac may prove a disappointment to Britain; his meeting with Chancellor Kohl in Strasbourg on Thursday and his wish to make his country the motor of the European Union suggest that the main thrust of [French] foreign policy will not change. However, it would be churlish at this stage not to wish the new president well. A grueling campaign appears to have changed the "bulldozer" of earlier years into someone more mature. His accession could mark a new beginning for France.

— The Daily Telegraph (London).

Ex-Yugoslavia: Seek Compromise and Stop Faking

By Flora Lewis

PARIS — Nobody knows what to do about the unwinding war in ex-Yugoslavia, so once again the intervention powers are passing the buck and waiting for something to turn up.

At this point, that means looking to the new French government of President Jacques Chirac and Prime Minister Alain Juppé. France has contributed the most troops to the United Nations force and taken a high share of its casualties. As foreign minister until this week, Mr. Juppé has been the most vocal Western leader in insisting that the status quo is intolerable.

It has been tolerated all this time, however, because all the contemplated options look so bad. The United Nations has reached the point where it refuses its military commander's request for NATO air retaliation after even the most outrageous provocation for fear of further attacks by the belligerents.

The Sarajevo siege has been intensified again. UN "protected areas" have turned out to be areas where the UN troops are not even allowed to protect themselves. They are scarcely able to carry out the very limited mission of protecting the delivery of humanitarian supplies to civilians. "Peacekeeping" has been made a dysphemism, if that word may be invented as the opposite of euphemism

— turning a good deed into a bad word.

As Mr. Juppé sees it, the choice is to give the "peacekeepers" a much stronger mandate to shoot back, a mandate that NATO has all along said it is ready to enforce from the air as requested, or to pull out. The United States supports an "aggressive defense of the UN resolutions," in the State Department spokesman's words, but it offers only words.

There is half all the way. The kind of shoot-back policy really likely to make a difference after so much limp acquiescence would require a much bigger reinforcement in men and arms that nobody wants to provide, if the UN soldiers are not to be helpless hostages. It has been estimated that it would take 40,000 more, including 20,000 promised by the United States, just to evacuate the existing force with reasonable safety.

Nobody really wants to do that, either. Not only would it mean a tremendous humiliation for the United Nations and its major states, but the smoldering war would erupt into a devastating conflagration and probably spread.

The dilemma is a lot like stages that Robert McNamara now describes in the

American war in Vietnam, where whatever is done makes things worse. The temptation was to grasp at improbable straws: now a new leader, now a bombing halt for unlikely negotiations. In Yugoslavia, the equivalent is trying to lure Serbia's Slobodan Milošević into cutting off rebel Serbs in Bosnia and Croatia by promising to lift some sanctions.

There isn't much chance. But Milan Martić, president of the self-styled "Serbian Republic" in Croatia, warns that even the idea of some moderates in his own area of coming to terms with Zagreb will lead to heavier fighting and missile attacks on the Croatian capital.

The "contact group" (France, Britain, Germany, Russia, United States) stumbles on with failed plans for negotiations, for lack of decisive capacity. This is another will-o'-the-wisp "light at the end of the tunnel" to avoid admitting that international efforts to "do something" about Yugoslavia have broken down and there are no good prospects.

It is even becoming the diplomatic fashion to say that these efforts haven't failed, because the four-year-old war isn't already much bigger.

I have argued for some time that the war will not be stopped until the focus is shifted to search for a political solution

reassembling the former Yugoslav republics into some kind of confederation, and furthermore, devising a plan for general Balkan security and economic development. But I recognize that this effort is getting harder, not easier, to launch as the atrocities pile up and the contact group powers quarrel among themselves.

Still, it is impossible just to shut up and forget the hapless ex-Yugoslavs, as has been done with Liberia, Somalia, Sri Lanka, Afghanistan and others who have not managed to weigh on Western fears and conscience. Perhaps the first need is to take one of the lessons from Vietnam: Stop lying, dissembling, encouraging false hopes of peace.

Mr. Juppé is right that the status quo isn't tolerable. Since nobody else will, France should take the lead with a new proposal. But a "stronger" United Nations mandate isn't enough. A mandate to enforce what? If it is only to contain the war until the belligerents exhaust themselves, let that be said, get out of the way and hold the ring.

There are only two ways to end wars, and they don't involve justice. One is undeniable defeat of one side; the other is negotiated compromise. We aren't moving either way, so the war goes on.

© Flora Lewis.

Wake Up, OECD: Concerted Development Assistance Isn't Optional

By James Gustave Speth

The writer is administrator of the United Nations Development Program.

NEW YORK — When the OECD Council of Ministers meets in Paris next week, the ministers should look beyond their own problems and consider how the rich can revitalize their commitment to the poor, before crises multiply around the world.

The poorer countries do not need more "foreign aid" of the Cold War variety, but they do need development assistance, and more of it. OECD development assistance has now declined for two years in a row.

Two widely believed myths need to be dispelled if this trend is to be reversed.

The first is that the developing world is doing rather well, on the whole. The second is that the extent that some countries are not in good shape, and some are obviously not, it is basically their own fault. These countries should get their policies straight — including opening up to an expanding world

market — and enjoy the ride, the argument goes.

As to the first myth, it is true that there have been remarkable successes in human development. Average life expectancy in the developing world has increased by more than a third in the last 30 years. Primary school enrollment has increased to over 80 percent.

And the economic performance of some countries has been impressive. The eight high-performing East Asian economies registered average annual per capita income growth of about 5.5 percent from 1965 to 1990.

But the world is still a big place — diverse, complicated and unfair. Desperation is still the lot of the majority of people.

Some 1.5 billion people live in extreme poverty. The conditions

of life for twice that number are deplorable. Tomorrow, as on any given day, about 67,000 babies will be born into families earning less than \$7 a week. That is almost 25 million people born into a prison of poverty each year.

Worst off are the 47 countries we call least developed. With 10 percent of the world's people, they have 0.1 percent of the world's income. For more than two decades their per capita income, not grown. Today it stands at about \$350. Their share of world trade declined from 0.6 percent in 1980 to 0.2 percent in 1992.

Meanwhile the world economy is expanding rapidly, and the share of the rich OECD countries in it has increased from 68 percent in 1960 to 72 percent in 1990.

A vast increase in inequality has occurred. In the last three decades the gap between the richest and poorest 20 percent of the world's people has doubled, from 30-fold to 60-fold.

As we approach the turn of the century, the economic, environmental and political crises that many developing countries confront have taken on an urgency and a magnitude unparalleled in history.

And as the world is growing, spreading like a metastasized cancer.

No one would attribute today's problems solely to underdevelopment, but it is surely part of the disease. And development — sustainable, people-centered development — must always be part of the cure. Better to land development today than troops tomorrow.

But isn't trade, not aid, the answer? Can't private investment replace development?

Won't sufficient privatization and macroeconomic adjustment do the trick? Of course, each is important, indeed essential. But, while necessary, these measures by themselves are no panacea for the developing world.

Consider that 75 percent of direct foreign investment in the developing world goes to fewer than a dozen countries. Just 6 percent goes to Africa, and 2 percent to the least developed countries. There is no correlation between need and direct foreign investment.

The recent GATT agreements are expected to benefit much of the developing world to only a limited degree, and Africa not at all. Preliminary projections indicate that the new trade agreements will not reduce African poverty. Meanwhile, the debt burden facing the developing world continues to mount, now reaching \$1.9 trillion. Sub-Saharan African debt payments are larger than that region's expenditures on health and education.

These and other challenges will not be met without continued international cooperation for development and without new and additional resources for development assistance. And it is essential to prevent crises and to cope with them and recover from them.

Make no mistake. The policies that the OECD countries adopt now with regard to official development assistance, the developing world and the United Nations are defining decisions.

None of the admirable goals that the international community has pursued around the world — not peace, not human rights and democratic rights, not environmental protection, not population stabilization, not an end to hunger and extreme deprivation — can be accomplished except in the context of equitable, sustainable development.

And that kind of development does not have a snowball's chance in hell of succeeding unless we forge a new framework for development cooperation, and back it up with real commitment and financial resources.

International Herald Tribune

Makings of Doom at 8 Cents a Pound

By Russell Seitz

CAMBRIDGE, Massachusetts — It takes a great deal of fertilizer to feed the world. Ammonium nitrate, made by the millions of tons out of air and water, and readily available in farm supply stores, is equally serviceable as an explosive and a plant food.

It was sold without question in the United States until the federal building was bombed in Oklahoma City. Now victims of that bombing have sued the manufacturer of the ammonium nitrate, asking why, since it can be rendered harmless, they were put at risk.

Despite the carnage, this cornucopia of destructive potential flows on. Ten dollars buys all the ammonium nitrate you can carry. It can cost more to rent a truck to build a bomb. Last year more than 4 billion pounds was legally sold in the United States — enough for literally a million explosions as powerful as the one that shattered the federal building.

Global control of explosives made from just air, water and energy is a problem that security analysts are tempted to toss on the too-hard pile. But the American supply of

ammonium nitrate and fuel oil.

Cold War reflexes die hard. A real danger resides in the thousands of barges and trainloads of ammonium nitrate that ply America's waterways and rails unguarded every year. There is little to prevent them from being hijacked and to defend the cities they transit. Last year enough detonating cord was stolen to set off thousands of tons of ammonium nitrate and fuel oil.

Farming methods change slowly, but other nitrogen fertilizers already compete with ammonium nitrate and could displace it entirely. The Department of Agriculture, which has agents at the county level, could assist by deploying taggants — trace elements or layered particles that can be put in fertilizer and can be read like bar codes to connect terrorists to the source of the fertilizer.

Although the fertilizer industry may object to such a proposal, few in Oklahoma City are likely to object.

The writer, an associate of Harvard University's Olin Institute for Strategic Studies, contributed this comment to The New York Times.

Address Japan at the WTO, Together

By Roy Denman

RUSSELS — The United States has finally decided to act on its trade problems with Japan. It is right to act, wrong in the action it has chosen.

If the Japanese choose to work extremely hard for material rewards much smaller than those of their counterparts in the West, they can hardly be blamed. It is not for those whose economic problems are caused by living beyond their means to attack what those who choose to live below them.

Now can Japan reasonably be reproached for running a trade surplus with the United States. In a multilateral trading world of free-enterprise economies any country will run a pattern of surpluses and deficits. To impose some iron rule that neither should exceed a certain limit is mercantilism gone mad.

The real problem with Japan — and where Washington is entirely right — is that the Japanese, by a range of devices such as cartelization, testing standards and private arrangements between companies, restrict imports.

Japan has derived great benefits from the massive reduction of world trade barriers in the last half-century. In so far as these have reflected hard work and good management, Japan has fully deserved them. But it has not paid its dues to the world trading club in terms of opening up its market to the same extent as its trading partners have done.

What can be done? What the new World Trade Organization

forbids is unilateral action by any member which feels aggrieved.

Understandably so, because no one would condone a citizen saying to another, "Unless within seven days you eat down that tree which is overshadowing my backyard, I'm going to storm in here with a shotgun." For the citizen can choose to live below them.

Likewise the WTO, like GATT before it, prescribes a remedy. If any contracting party considers that the benefits it has secured in trade negotiations have been "nullified or impaired" by another, it can go to the other contracting parties and ask for authorization to withdraw certain concessions — in plain English, to put up its tariffs against what it considers the offending party.

It is ironic that after having secured passage through Congress, against fierce opposition, of the legislation applying the results of the Uruguay Round and establishing the WTO, one of the first acts of the Clinton administration should be to flout it. But that is not the only irony.

The problem in trade with

LEISURE

THE ARTS GUIDE

ARGENTINA

Buenos Aires
Teatro Colon tel: (1) 382-3289. Verdi's "Simon Boccanegra," directed by Giancarlo del Monaco, conducted by Miguel Angel Verdi, with José van Dam, Karita Mattila and Ferruccio Furlanetto. May 23, 25, 26, 28, 31 and June 3.

AUSTRALIA

Sydney
The Australian Opera, tel: (2) 319-6885. Verdi's "Rigoletto," directed by Elizaveta Moshinskaya, conducted by David Porcellini, with Gillian Sullivan, Gregory Tomlinson and Michael Lewis. June 8, 13, 16 and 21.

BELGIUM

Antwerp
The Flanders Opera, tel: (3) 233-6865. Haendel's "Orlando," directed by Robert Carsen, conducted by Paul Dombach, with Patricia Barnes, Lynn Dawson and Hilary Summers. June 9 (premiere), 11, 13, 15 and 17.

Tervuren

Musée Royal de l'Afrique Centrale, tel: (2) 769-5211, closed Mondays. To Nov. 26: "Trésors Cachés du Musée de Tervuren." More than 250 masterpieces of African art including masks, ancestral statues and figurines.

AUSTRIA

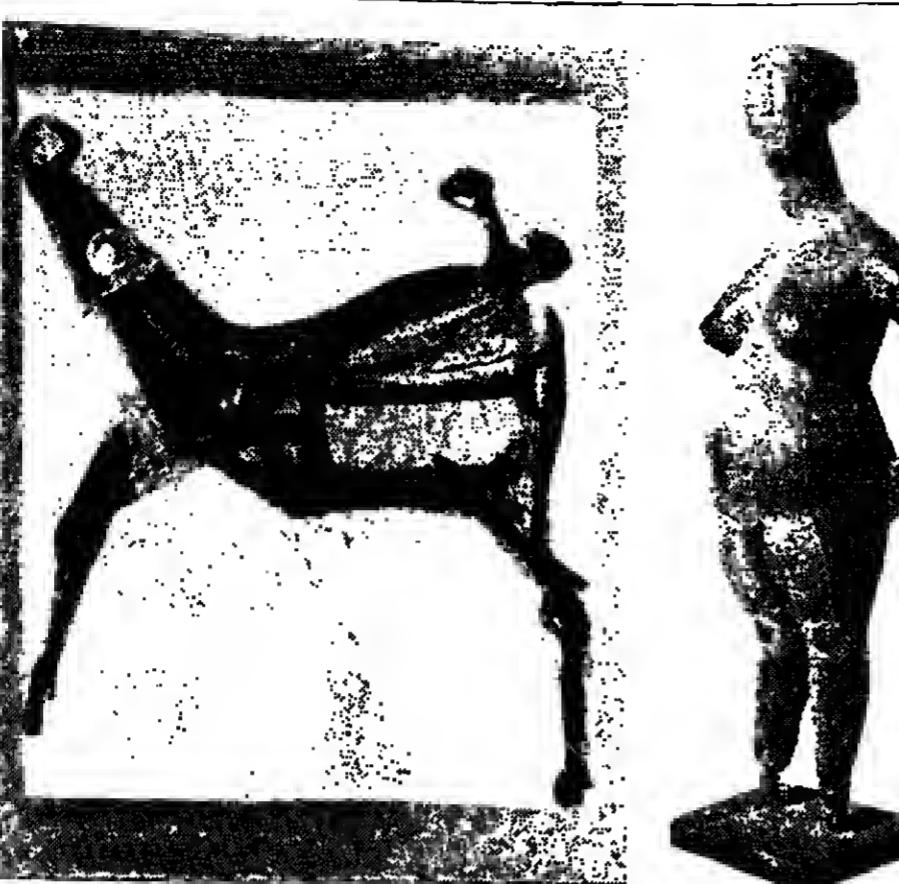
Vienna
Kunstforum Bank Austria, tel: (1) 53-124-5486, open daily. To July 2: "Neue Schlichtheit in Österreich: 1916 bis 1938." Works by lesser known artists of the New Objectivity group, including paintings by Rudolf Wacker and Franz Sedlacek. Kunsthalle Wien, tel: (1) 712-0495, open daily. To Sept. 17: "Marino Marini: Works From 1920s-80s." A display of 61 paintings, 25 drawings and 30 sculptures by theorist who ranks with Moore, Giacometti and Calder as one of the most important sculptors of the 20th century.

BRITAIN

Cambridge
Fitzwilliam Museum, tel: (223) 332-900, closed Mondays. Continuing/To June 25: "Istana: Art and Patronage: Treasures from Kuwait." More than 100 objects from the collection of Sheikh Nasser al-Sabah of Kuwait and his wife.

London

British Museum, tel: (171) 636-1555, open daily. To July 30: "The Great Court: The British Museum's Millennium Project." The display includes a new cross-section model of the Great Court schemed by Sir Norman Foster. The project, to be completed by 2000, will turn the courtyard of the museum into a covered public square and a cultural complex. Hayward Gallery, tel: (171) 926-5000, 10th floor. To 13 July: "The Great Impressionism and Its Rivalry." Masterpieces by Monet, Renoir, Pissarro, Sisley, Cézanne, and Gauguin are shown alongside landscape paintings from the annual Paris Salon. The contrast reveals how radical and controversial the Impressionist painters were for their time. The National Gallery, tel: (171) 839-



"Horse" (1952) and "Nude Female" (1947) by Marino Marini are shown in Vienna.

3321, open daily. To June 18: "Gombrich on Shadows." A selection of paintings by art historian Sir Ernst Gombrich shows how cast shadows are used in Western art to enhance the illusion of reality.

CANADA

Toronto
Art Gallery of Ontario, tel: (416) 979-6648, closed Mondays and Tuesdays. To Aug. 5: "Barbara Hepworth." An exhibition dedicated to the sculptor who is acclaimed as being responsible, along with Henry Moore and Ben Nicholson, for the emergence of British art in the 1930s. Includes 67 carvings and bronzes, and 30 drawings, which span nearly 50 years of the artist's career.

DENMARK

Holmboeck
Louise Museum of Modern Art, tel: 42-18-0718, open daily. Continuing/To June 5: "Asger Jorn."

FRANCE

Bordeaux
Musée des Arts Décoratifs, tel: 56-10-52, closed Tuesdays. To Aug. 21: "L'Age d'Or du Petit Portrait." An exhibition dedicated to 18th and 19th-century miniature portraits painted on ivory, cardboard, parchment and paper.

FRANCE

Paris
Archives Nationales, tel: (1) 40-27-60, closed Tuesdays. Continuing/To June 27: "Saint-Pétersbourg à Paris: Les Archives des Tsars. Documents: the history of Franco-Russian relationships from the 18th century to the Revolution.

Centre Georges Pompidou, tel: (1)

44-78-12-33, closed Tuesdays. Continuing/To May 10: "Constantin Brancusi." Martin-Gropius-Bau, tel: (03) 324-50-78. To Aug. 4: "The Twentieth Century: The Age of Modern Art." A critical assessment of the phenomenon of Modernism in art, with works by Picasso, Matisse, Boccioni, Pollock, Rybník, Ernst and Schwitters, among others. The exhibition will travel to London.

Cologne
Opéra de Stadtk. Köln, tel: (228) 7221. Mozart's "La Nozze di Figaro," directed by Georg Fischer, with Harry Peeters, Rosanna Joshua and Wolfgang Rauch.

Mannheim
Musée des Monuments Français, tel: (1) 44-59-10, closed Tuesdays. To July 31: "Architecture de la Renaissance Italienne." From the beginning of the construction of Florence's cathedral in the early 15th century to the reconstruction of Rome's Saint Peter's in the 16th century, Italy experienced a renaissance in architecture. Through a large selection of models, this exhibition will be displayed.

Theatre des Champs-Elysées, tel: (1) 49-52-50-00. Haendel's "Exo," directed by Stephen Medcalf, conducted by Robert King, with Dominique Visse, Susan Gritten, Catherine Denley and James Bowman. June 6, 7, 9 and 10.

GERMANY

Berlin
Deutsche Oper, tel: (30) 34-38-1. Verdi's "Die Macht des Schicksals," directed by Hans Neuenfels, conducted by Rafael Frühbeck de Burgos, with Kelly Anderson, Julie Vardyllon, Tokuyoshi and George Fortune. May 24, 28, June 2, 5, 9. Neue Nationalgalerie, tel: (30) 268-28-61, closed Mondays. Continuing/

to July 25: "Traviata," directed by Liliane Cavani, conducted by Riccardo Muti.

ITALY

Bologna
Galleria d'Arte Moderna, To July 9: "Emilio Tadini: Il Ballo dei Pittori." The retrospective of Tadini's work is centered on his perception that one should live truly. The central motif is "the philosopher's ball," including his literature (novels, poetry and art reviews) and his paintings, which dominated the later part of his life.

Milan
Teatro alla Scala, tel: (2) 80-91-50. Verdi's "Traviata," directed by Liliane Cavani, conducted by Riccardo Muti.

UNITED STATES

New York
Jewish Museum, tel: (212) 423-3200, closed Fridays and Saturdays. Continuing/To July 16: "Camillo Pisacane: Impressionist Innovator." Metropolitan Museum of Art, tel: (212) 580-7000, closed Mondays. Continuing/To July 9: "Nader." Also Oct. 15: "An Ancient Egyptian Bestiary: Animal in Egyptian Art."

Washington
Freer Gallery of Art, tel: (202) 357-3200, open daily. To Jan. 1, 1996: "Whistler and Japan." More than 30 paintings, drawings and prints created in the 1860s and 1870s document Japanese influence on the American expatriate artist.

UNITED STATES

Berlin Philharmonic. Conducted by Claudio Abbado, the orchestra will perform at the Rudolfinum in Prague (May 23) and at the Semperoper in Dresden (May 24).

with Tiziana Falanga, Fabio Consalvi, Ramon Vargas. May, 26-28, 31 and June 2.

Naples
Teatro di San Carlo, tel: (081) 77-22-111. Donizetti's "Elisa d'Albione," directed by Filippo Crivello, conducted by Daniel Cossé, with Valeria Esposito, Giuseppe Saccatini and Roberto Serafini. May 27-30, June 1, 4 and 6.

JAPAN

Tokyo
Tokyo Metropolitan Teien Art Museum, tel: (3) 244-2200, closed Wednesdays. Continuing/To May 28: "The World of French Jewelry: Art: The Art of Cartier."

NETHERLANDS

Amsterdam
Van Gogh Museum, tel: (20) 576-52-00, open daily. To Aug. 27: "Vincent Van Gogh: His Graphic Work." Nine lithographs and one etching showing that the painter had great ambitions for his graphic work.

PORTUGAL

Lisbon
Caixa Geral de Depósitos, tel: (1) 790-51-54, closed Tuesdays. Continuing/To June 19: "Ae Modema em Portugal II."

SPAIN

Barcelona
Museu Picasso, tel: (3) 315-63-10, closed Mondays. Continuing/To June 24: "Tatlin." 20 works by the Soviet painter.

SWITZERLAND

Geneva
Musée Barbier-Mueller, tel: (22) 92-02-070. Continuing/To Sept. 30: "Parure: jewels and ornaments." An exhibit of the works of the avant-garde Georgian painter and his contemporaries.

ZURICH

Kunsthalle Zurich, tel: 251-6755, closed Mondays. To June 18: "Zeichen unter Wunder: Niko Proesman (1862-1918) und die Kunst der Gegenwart." An exhibit of the works of the avant-garde Georgian painter and his contemporaries.

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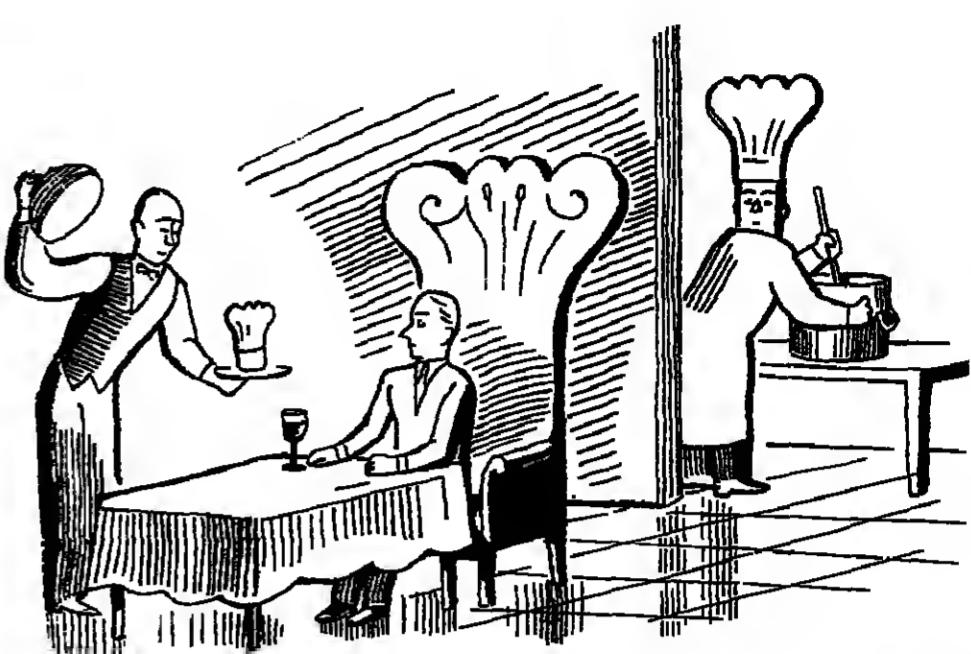
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Sweet Taste of Success

By Patricia Wells
International Herald Tribune

PARIS — If at first you succeed, do it again, and again. That seems to be the motto of two local restaurateurs — François Clerc and Guy Savoy — who continue to expand their horizons, wooing customers with apparent ease. Meanwhile, a good number of the city's restaurateurs are left with bare tables and empty pockets. What's the key? It's not always obvious in a world filled with increasingly fickle and finicky diners, but certainly quality, price and an already established reputation help.

At the newly opened Rigal Bank Les Bouchons de François Clerc — which follows the same formula as the six-month-old restaurant of the same name on Rue de l'Hôtel Colbert — diners are offered a healthy choice on the 215-franc (\$45) menu (cheese and dessert included) and the same extraordinary wine list, with bottles priced at cost. Situated on the Rue de la Terrasse and near Park Monceau, the new restaurant is decorated in a bourgeois style fitting of the newly trendy edge of the 17th arrondissement.

A recent lunch there proved astonishing, both in its quality, quantity and culinary execution. While the food at the Left Bank branch is good, the cuisine here is more carefully studied, more exacting, more ambitious, and highly original. Starters vary from a layered salad of perfectly cooked potatoes and lightly marinated salmon to an "antipasto" of vegetables, including a confit-like mixture of artichokes, eggplant, peppers, and zucchini on a bed of rich romaine sauce, embellished by a variety of sausages and terrines, grilled open-face sandwiches and a leek and black olive sandwich. The bread here is homemade and all but irresistible, especially when slathered with the house "spread," a lively blend of butter, coarse sea salt and chopped black olives. Main courses include well-roasted morue, or fresh cod, surrounded by tajine-style vegetables and preserved lemon; and squid, or encornets, stuffed with *épautre*, the poor man's whear of Provence. Main course meats include roast lamb shoulder, caramelized pork, and spit-roasted veal kidneys.

Desserts include a refreshing *blanc-manger* — almond-flavored pudding — with fresh seasonal fruits, a choice of vegetable garnishes, including green beans, ratatouille, macaroni grain and steamed potatoes.

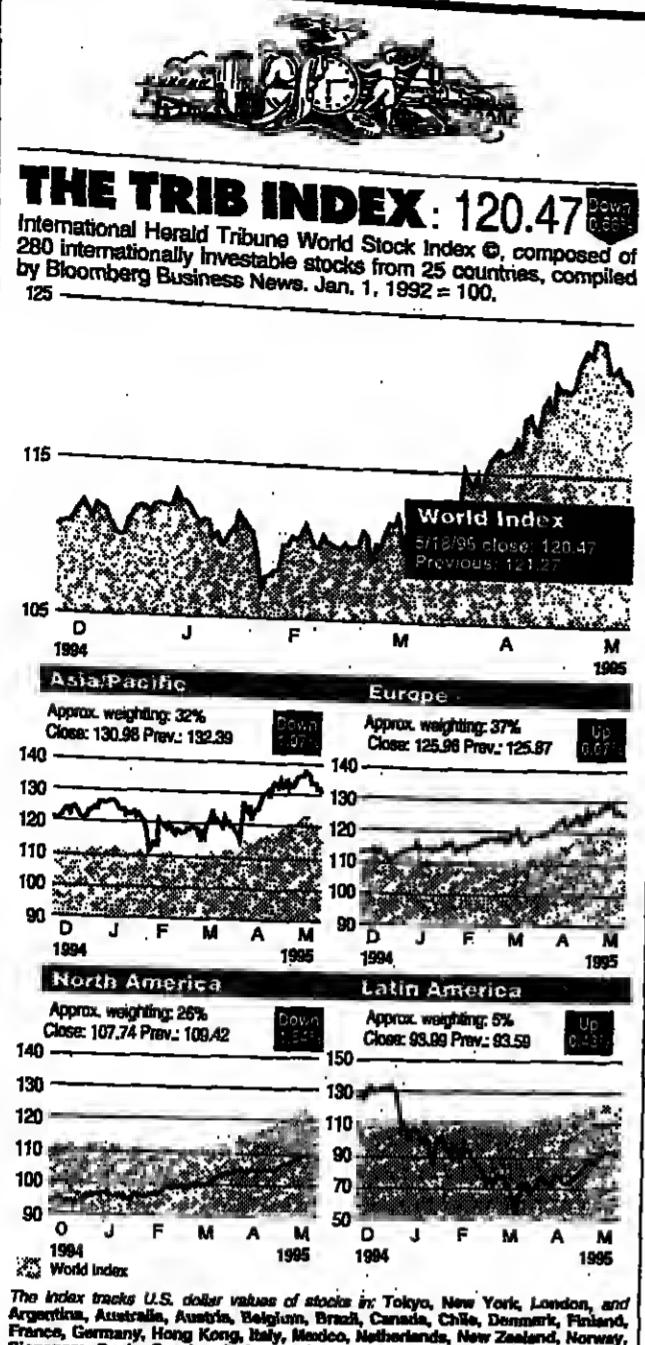
With a number of wines priced at under 125 francs (good choices include Château de Fesles Anjou Vieille Vignes at 98 francs and Osterberg's Sylvaner at 122 francs) Cap Vernet easily falls into the category of restaurants offering a modern lifestyle. Diners can opt for a 50-franc basket of charcuterie (including a variety of sausages and terrines), grilled open-face sandwiches and a leek and black olive sandwich, or a simple pan-fried sole paired with capers and lemon.

Fresh shell

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BUSINESS / FINANCE

FRIDAY, MAY 19, 1995

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THE TRIB INDEX: 120.47
International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

Chrysler Raises Its Dividend By 25%

By Lawrence Malkin
International Herald Tribune

NEW YORK — Chrysler Corp. on Thursday raised its quarterly dividend by 25 percent, throwing up a roadblock against Kirk Kerkorian's hostile takeover bid, which many Wall Street analysts said had run out of gas anyway.

Robert J. Eaton, Chrysler's chairman, also said Chrysler had bought back \$490 million of its own stock since January and planned to complete the repurchase of a total of \$1 billion in stock by the end of the year.

The quarterly dividend was raised to 50 cents from 40 cents.

Mr. Kerkorian, a billionaire Las Vegas investor, has a 10 percent stake in Chrysler through Tracinda Corp., his investment company. As Chrysler became the most profitable of Detroit's automakers, he demanded a larger payout to stockholders, but Mr. Eaton argued that the company needed to keep a cash cushion of \$7.5 billion.

Tracinda said the dividend increase "does not even begin to address the fundamental issue of substantially increasing value for all Chrysler shareholders."

Mr. Kerkorian, 77, responded on April 12 with a \$2.2 billion bid to buy the company, proposing to finance it in part by using Chrysler's own cash. But he has been unable to raise money for the rest.

Chrysler shares fell 37.5 cents in late trading, to \$43.375.

John Casella of Wertheim Schroder & Co. said the drop reflected disappointment that the payout was not larger.

But Seth Glickenhaus, president of an investment company that controls 5.5 million Chrysler shares, called the dividend increase "magnificent."

Was this the end of Mr. Kerkorian's bid? "No, he never started," Mr. Glickenhaus said.

Computer Selling And Trade News Batter the Dow

Compiled by Our Staff From Dispatches

NEW YORK — Many U.S. stocks plunged Thursday after a computer-guided sell order buffeted the market late in the session causing the Dow Jones Industrial Average to post its biggest one-day loss in almost six months.

The trading, tied partly to the Friday expiration of May options on stock indexes and individual stocks, knocked 34 points off the Dow industrials. The average plummeted 81.96 points, to 4,340.64, its largest daily decline since a 91.52-point plunge on Nov. 22.

Before the computer order sent the market plunging, it had already been battered about by news that the U.S. trade deficit with two key trading partners, Japan and Mexico, had widened in March, although the overall trade gap narrowed slightly.

Imports of goods and services also set a record in March, rising at a slower pace of 4.3 percent to \$74.46 billion. The U.S. trade deficit is the difference between imports and exports.

The Commerce Department said Thursday that America's overall deficit declined to \$91.12 billion, a small improvement of 0.4 percent from the February deficit of \$91.15 billion, and in line with expectations.

See TRADE, Page 16

Disney Wins China Damages

Compiled by Our Staff From Dispatches

BEIJING — A Chinese court has awarded the Walt Disney Co. 227,094 yuan (\$27,493) in a landmark case involving three Chinese publishers and a book store in a copyright violation dispute.

The award followed last August's ruling in the case, the first victory by a U.S. company since the United States and China signed an agreement in 1992 to strengthen Chinese protection of U.S. copyrights, patents and trademarks.

The court also ordered the defendants to stop publishing and selling the books and to make a public apology to Disney through the media, the report said.

Such violations of copyrights, trademarks and patents have long been a sore point in U.S.-China trade relations. U.S. businesses have said they lose \$1 billion annually to Chinese piracy, and that close to 100 percent of videotapes and computer programs sold in China are pirated.

In 1992, China agreed to U.S. demands to strengthen its laws and regulations on protection of intellectual property rights.

13 million Deutsche mark (\$9 million) first-quarter profit in 1995, up from a 1994 first-quarter loss of 342 million DM.

First-quarter sales rose to 21.2 billion DM (dls 14.7 billion), up 5 percent from 20.1 billion DM the previous year.

Despite the first-quarter rise, the company projected a 1995 profit only slightly higher than last year's.

Improved production and the introduction of new models should bring a modest rise in profit, the company said.

But VW said fluctuations in the international currency market could be troublesome for the export-oriented company. "In the medium term, the further development of our business depends on the developments on the international foreign exchange markets," VW said.

The company singled out the peso crisis in Mexico, which contributed to a 34 percent drop in first-quarter sales in North America, it said.

Worldwide sales for the quarter rose 6.6 percent, to 830,836

vehicles. Sales within Germany rose 13.9 percent, to 245,188 vehicles from 215,242.

The company said it expected deliveries and output to remain flat in 1995.

Volkswagen called its total 1994 profit of 150 million DM a "turnaround" after losing 1.94 billion DM in 1993.

"For the whole year, we expect a slightly better result, considering the introduction of new models in the production palette, as well as success of further advances in productivity," the company said.

Although analysts were generally satisfied by the results, the cautious tone and repeated warning of potential currency losses depressed the stock. VW stock sank 10.50 DM, to close at 400.50 DM.

Joachim Bernsdorff, auto analyst at Bank Julius Baer, said Volkswagen may have dipped into reserves to pad the profit last year, but he thought the company was solid in the profit zone now.

(Bloomberg, AP)

Sony Sees Happy Ending To Its Hollywood Woes

By Andrew Pollack
New York Times Service

TOKYO — In an indication that it might be digging itself out from its fiasco in Hollywood, Sony Corp. said Thursday its movie division returned to profit in the most recent quarter.

Sony Pictures Entertainment Inc. had been losing money for several quarters because of box-office flops and cost overruns, made hit movies in the quarter ended March 31, including "Little Women" and "Legends of the Fall."

The movie division's results also were helped by cost-cutting and by a nearly \$3 billion write-off in the movie operations that was announced last November. The write-off sharply reduced certain amortization costs that were dragging down the division's results.

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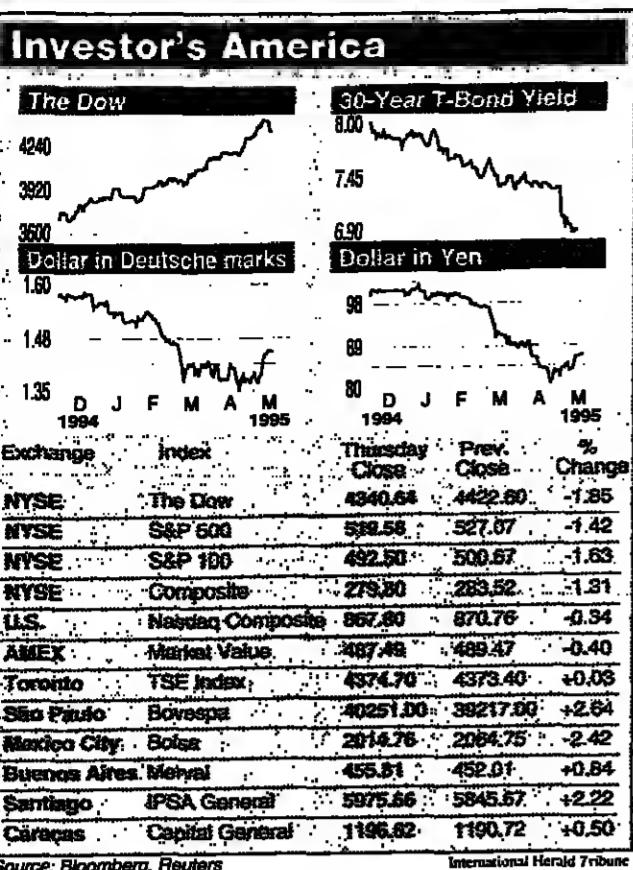
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Chips Become a Sector for All Seasons

By Mitchell Martin
International Herald Tribune

PARIS — Wall Street this week woke up to a cultural shift.

"An interesting fact is that in the United States, the average age of an automobile in 1994 was eight years," Gary J. Grandbois of the research company Dataquest Inc. said Thursday. "This is the highest it's been since 1949 in the wake of World War II. Now there are lots of reasons for this, but one of the reasons is young men no longer derive their identity from automobiles, they derive it from the power and performance of their personal computers."

That performance requires a lot of onboard computer memory, and the chips that provide it are in short supply. Semiconductor companies are unable to make enough chips to go around because their industry, accustomed to a boom-and-bust business cycle, is now struggling to keep up with a cultural shift toward electronics, led

by unexpectedly strong demand for PCs. Only the timidity of the chipmakers in committing the vast amount of capital needed to build chip factories, which cost about \$1 billion each, seems likely to limit the growth of the industry.

At Dataquest's annual European semiconductor conference Thursday, many of the speakers revised upward their estimates for 1995 sales, which no longer matched presentations they had prepared a few weeks ago. Their numbers echoed a rally Wednesday in shares of U.S. companies that make equipment used to make computer chips.

The catalyst on Wednesday was a better-than-expected earnings report by Applied Materials Inc., which said its second-quarter profit rose 70 percent as sales were up 64 percent. Its stock rose \$11.56, to \$80.26, on the news. The advance also followed a prediction late Tuesday from the Semiconductor Industry Association that predicted capital spending as a percentage of output would start falling in 1997.

expand 40 percent this year, to \$142.3 billion.

At the Dataquest conference, Daniel L. Klesken, a managing director of the San Francisco-based investment firm Robertson, Stephens & Co., predicted that by 2005, the world market for chips would total \$700 billion.

While the insatiable computer market is helping the chip industry shift away from its former cyclical nature, new industries, such as mobile telephony and automotive electronics, are providing new outlets. Alain Duheil, a vice president of SGS-Thomson Microelectronics BV, the French-Italian venture, said that half of the current chip market is for applications that did not exist 20 years ago.

Despite the sparkling outlook for the industry, the massive amount of capital required to build new plants is a limiting factor. Mr. Grandbois of Dataquest predicted capital spending as a percentage of output would start falling in 1997.

TRADE: Dow Plunges Sharply

Confirmed from Page 15
in goods and services of \$106.57

Meanwhile, Japan's trade surplus narrowed 2 percent from a year earlier, to \$10.88 billion in April, Tokyo said on Thursday, but economists said the pace remained too slow to ease tensions with major trading partners.

In an ominous sign for Tokyo's dispute with Washington over auto imports, the surplus

U.S. Stocks

with the United States actually expanded, rising 3 percent, to \$4.52 billion in April. The overall trade surplus is set to shrink, especially in the July-September quarter," said Yasuyuki Komaki, an economist at NLI Research Institute.

"But the tempo may not be that remarkable." Massive import growth, fueled by the appreciation of the yen, is helping cut Japan's trade surplus, economists said. Imports rose 33.4 percent from a year earlier in dollar terms during April, partly because of higher oil prices, and 17.9 percent in volume terms.

But exports also remained strong, climbing 21.5 percent in dollar terms and 6.3 percent in volume terms during the month. In March, Japan's overall trade surplus fell slightly from a year ago to \$13.84 billion, but the gap with the United States rose to \$5.08 billion.

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Johnson & Johnson announced a 25 percent rise in its quarterly dividend.

Johnson & Johnson fell 2 1/4 to 62 after the company warned Wednesday that analysts' 1995 earnings estimates of \$3.62 per share were "a little on the high side."

(AP, Bloomberg, Reuters)

Buyout Firm Targets Canadian Brewer Labatt

Compiled by Our Staff From Dupontes

TORONTO — Onex Corp. said Thursday it would offer to buy the Canadian brewer Labatt Ltd. for about \$1.7 billion in a deal designed to focus the company's efforts on its beer business.

Onex, which specializes in buyouts, said once the transaction was completed, it would sell off Labatt's broadcasting, sports and entertainment businesses, as well as some noncore brewing businesses. Labatt is the majority owner of the Toronto Blue Jays baseball team.

Quilmes Industrial SA, an Argentine

brewery, will contribute 312.5 million Canadian dollars (\$231 million) to the buyout.

Onex is offering 24 Canadian dollars (\$17.71) per share. The offer consists of

21.25 dollars in cash and the rest in notes.

It also includes the assumption of 1.4 billion in Labatt debt.

Labatt called the offer "inadequate."

Shares in Labatt rose 2.375 dollars, to 24.25 dollars.

Labatt markets 10 Canadian brands including Labatt's Blue and Labatt Ice Beer, and 32 regional brands. It also has beer operations in the United States and Italy and owns 22 percent of Femse Cerveza of Mexico, whose brands include Tecate, Corona, Blanca and Dos Equis.

The initial offer will not include shares held by U.S. residents, Onex said.

David Cohen, an analyst at Research Capital Corp., said the offer was "a little light relative to the value of Labatt's assets."

(AP, Bloomberg)

Very briefly:

Time Sells Assets to Cut Debt

NEW YORK (AP-DJ) — Time Warner Inc. said Thursday it would sell 15 small cable systems in seven states for \$263.7 million as part of its debt-reduction plan.

The media and entertainment conglomerate said the operations being sold served more than 144,000 customers in Arkansas, Kansas, Mississippi, Missouri, New Jersey, Pennsylvania and Tennessee.

Time Warner said it had agreed to sell noncore assets to reduce debt by \$1.3 billion. Time did not disclose prices of the deals.

• BellSouth Corp. said it would cut up to 11,000 jobs by the end of 1997 as it accelerates a cost-cutting plan; the company said it would complete a previous plan to slash 10,200 jobs by the end of this year.

• Banco Nacional de México SA placed dollar-denominated debt certificates of \$206.5 million at a yield of 9.35 percent, becoming one of the first Mexican companies to re-enter capital markets since the devaluation of the peso in December.

• Southwest Airlines Co. said second-quarter profit would decline, the third consecutive period in which earnings will fall below the previous year; the company said the decline would be less than the 48 percent drop posted in the fourth quarter.

• Navistar International Corp. said its earnings doubled, to \$46 million, in the second quarter ended April 30 from the period a year ago, because of strong demand for its trucks and diesel engines, better pricing and cost-cutting measures.

(AP, Bloomberg)

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(AP, Bloomberg)

Some traders said the move raised questions about the future of Mr.

Kohl's government, and sold marks for dollars.

"People went very long on the Kohl's announcement," said Amy Smith of IDEA, a consulting firm. She said

The Federal Reserve Bank of Philadelphia's Index of regional economic activity reinforced the view that the U.S. economy was slowing. At the same time, the U.S. trade deficit shrank a smaller-than-expected 0.4 percent in March.

The weak report means the Federal Reserve Board's policy-setting Open Market Committee will likely hold rates steady, or even lower them, when it meets on Tuesday, traders and analysts said. Lower rates can hurt the dollar by making U.S. deposits less attractive.

Against other currencies, the dollar fell to 5.1060 French francs from 5.1150. It fell to 1.2020 Swiss francs

from 1.2055. The pound rose to \$1.5778 from \$1.5700.

"The market is still speculating that the Fed might ease before we get anything else," said Joe Francman, a trader at Dai-Ichi Kangyo Bank.

Remarks by Wayne Angell, a former Fed governor, that the central bank would keep rates stable at its next two policy meetings — next week and in July — reinforced the view that the Fed sees the economy slowing enough to keep rates in check, traders said.

The Fed has raised the rate on overnight bank loans seven times since February 1994. It last raised rates to 6 percent on Feb. 1.

A report from Japan early on Thurs-

day showed that while Japan's merchandise trade surplus with the rest of the world fell 2 percent in April from a year ago, to \$10.88 billion, its surplus with the U.S. rose 3 percent, to \$4.52 billion.

America's trade deficit with Japan was about \$66 billion last year, leaving Japanese exporters with a wealth of dollars to sell for yen. Many analysts cite the trade gap as the main reason for the dollar's sharp decline against the yen this year.

The U.S. on Tuesday announced that it would slap protective tariffs on as much as \$5.9 billion in Japanese luxury car exports in an effort to force Japan to open its markets.

• The dollar had surged in early trading in New York amid reports that Foreign Minister Klaus Kinkel of Germany would resign as head of the Free Democratic Party. Mr. Kinkel later confirmed that he would not seek re-election as chairman at a party conference next month.

Traders said the dollar's early surge was not justified by any change in economic fundamentals, especially in light of Thursday's discouraging trade

data then fell back as traders began to think the surge was overdone.

The dollar edged up to 86.90 yen from 86.75 yen on Wednesday. But it slipped to 1.4405 Deutsche marks from 1.4450 DM.

Traders said the dollar's early surge was not justified by any change in economic fundamentals, especially in light of Thursday's discouraging trade

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Loans Crimp Deutsche Bank Profit

Compiled by Our Staff From Dispatches

FRANKFURT — Deutsche Bank AG said Thursday that shrinking margins on loans contributed to a 7 percent decline in operating earnings in the first four months of the year, compared with the year-ago period.

Hilmar Kopper, chief executive, said at the annual meeting that the bank was sticking to its goal of "clearly improving" earnings in 1995 even though it expects a tough year. He did not provide figures.

The volatility in the money, foreign currency and capital markets has continued," Mr. Kopper said.

Operating profit is before tax but including risk provisions and trading income.

Mr. Kopper said the bank would be hard-pressed to achieve its goals in 1995.

"One has to be quite clear about the fact that volumes are growing and margins are shrinking," he said. "And it's more and more difficult to reduce business to a single common denominator."

Deutsche Bank is working on a number of new projects, which "will pay off," he said. These include plans to launch a new direct banking subsidiary in the autumn.

In the first four months, trading income and earnings from the bank's foreign activities were "better" than the previous year, Mr. Kopper said. He said the bank's earnings for the first third of the year were "well above" a third of the previous year's total.

Deutsche Bank posted an operating profit of 4.25 billion Deutsche marks (\$2.9 billion) last year.

Domestic interest and commission in-

come fell in the first four months, he said.

Mr. Kopper said Deutsche Bank expects to reduce risk provisions in 1995.

"We expect them to be lower than 1994 but also than 1993," he said.

Foreign business and its own-account trading were up from 1994, the bank said.

Mr. Kopper said Deutsche Bank would continue to expand its international business, which in 1994 accounted for 52 percent of total assets in 1994.

"Deutsche Bank is growing faster abroad than at home," he said. He said Deutsche Bank was the largest foreign bank in Spain and Italy, where it has networks of almost 600 branches, "almost as many as our competitors have in Germany."

(Bloomberg, Reuters)

VEBA to Float 45% of U.S. Chipmaker

Compiled by Our Staff From Dispatches

ESSEN, Germany — VEBA AG said Thursday it would float a 45 percent stake in its U.S. computer-chip subsidiary, MEMC Electronic Materials Inc.

The diversified German utility said it would retain a 55 percent stake in the maker of silicon wafer chips. The company did not release a sale price, a date for the sale or a projection on how much it planned to raise.

MEMC, a subsidiary of VEBA's petrochemical unit, Hüels AG, had a 1994 profit of \$34 million on sales of about \$661 million.

Ulrich Hartmann, the chief executive, described the share sale as an important

step in the expansion of foreign holdings. The sale of stock in the unit "means that we are introducing a financing strategy to secure the increasing success and value" of MEMC, Mr. Hartmann said.

The shares will be registered with the U.S. Securities and Exchange Commission and sold on the New York Stock Exchange and in Europe, VEBA said.

Separately, Mr. Hartmann called on the German government to begin awarding licenses for Germany's telecommunications market in 1996, two years before the market is to be liberalized.

The company aims to be the leading service provider in Germany with its tele-

communications venture with Cable & Wireless PLC, he said.

(Bloomberg, AFX)

KHD Sees Losses and Seeks Partner

Klöckner-Humboldt-Deutz AG said it expected at least two more years of losses even though its shortfall in the first quarter was less than expected, news agencies reported from Cologne.

The maker of diesel engines and agricultural machinery, which benefited from an \$80 million DM aid package earlier this year, said it was seeking a partner that could take a stake in the company.

(Bloomberg, Reuters)

QE2 Trips Up Trafalgar

Compiled by Our Staff From Dispatches

LONDON — Trafalgar House PLC, owner of the Queen Elizabeth 2 passenger liner, reported a bigger-than-expected loss Thursday of \$48.2 million (\$75.6 million) for the six months ended March 31.

Trafalgar, which is part of the Jardine Matheson group, said the loss reflected weak markets and charges related to its failed takeover bid for Northern Electric PLC and the disastrous Christmas voyage of the QE2.

Meanwhile, the company's Cunard Line unit that owns the ship said its chief executive, John Olsen, would leave the company at the end of the month "by mutual agreement" and would be replaced by Peter Ward, chairman of Rolls-Royce Motor Cars Ltd.

(Bloomberg, AP, Reuters)

When the QE2 sailed for New York in December before its \$45 million renovation had been completed, 500 passengers had to be left behind in England because their cabins were not ready.

The 600 who boarded suffered from faulty plumbing and repair problems that turned their cruise into a foul-smelling fiasco.

Trafalgar, whose operations also include construction, property development and hotels, set aside £7.5 million to cover compensation to QE2 passengers.

The company warned in February that it would have a loss in the half. Some analysts had expected a loss of about £22 million.

BT said price reductions of about £800

million increased the volume of telephone calls within Britain by 7 percent. But because the calls cost consumers less money, revenue on that business fell 4.9 percent.

BT said its results were also affected by a profit of £203 million on a sale of stock in AT&T Corp., and a one-time charge of £280 million for reducing the work force.

BT said its payroll was reduced by 18,500 people, to 137,500, with most leaving through voluntary retirement offers. In the previous year, British Telecom had paid out £15 million to cut the work force.

BT said it had earnings of about £69 million from its 20 percent stake in MCI Communications Corp., which it purchased for \$4.3 billion on Sept. 30. BT said this share of MCI's profit was roughly equal to its cost for financing the deal with the U.S. telephone company.

Robert Brace, the finance director, said price-cutting and layoff charges would have a lower impact on the current-year figures.

SCA Profit Soars After Acquisition

Bloomberg Business News

STOCKHOLM — Svenska Cellulosa AB said

Thursday its first-quarter profit rose 169 percent as an acquisition bolstered sales and a global recovery raised demand for pulp and paper.

The forestry company posted pretax profit of 1.52 billion kronor (\$206.3 million), up from 566 million a year ago. The company's last acquisition, PWA Paperwerke Waldhof-Achsenburg AG of Germany, contributed 317 million kronor to the profit total.

Sales rose 115 percent, to 16.75 billion kronor.

Svenska Cellulosa said that without PWA, its profit would still have more than

double.

The company, whose acquisition of 75 percent of PWA made it Europe's largest forestry concern, said it raised its full-year pretax profit forecast to "5 to 6 billion kronor" from an earlier year forecast of 5 billion kronor.

The profit was higher than expected, and shares in

Svenska Cellulosa rose half a krona, to 129.5 kronor.

But Svenska Cellulosa is facing increasing pressure in its hygiene-products unit, Moenlycke AB. A price war over diapers with Procter & Gamble Co. has pushed prices down. Even though Svenska Cellulosa claimed its unit won market share in Europe, earnings at the unit fell to 203 million kronor from 257 million last year.

Moenlycke, which produces the Libero diaper brand, has about 20 percent of the European market, second only to Procter & Gamble, which has about half.

Bowater Inflation Scan

Michael Woodhouse, the chairman of Bowater PLC, said Thursday the company thought it had seen the "worst" of the major price increases in Europe in raw materials. AFX News reported from London.

He said North American demand was "good" but added that raw-material price increases there were following six months behind Europe.

Investor's Europe

Frankfurt	London	Paris
2189	FTSE 100 Index	CAC 40
2189	3335	2670
2166	3220	1952
2250	3140	1850
2300	3465	1775
1490	2950	1775
1470	2274	1700
1450	1995	1700
1430	1700	1700
1410	1700	1700
1390	1700	1700
1370	1700	1700
1350	1700	1700
1330	1700	1700
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70	1700	1700
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Source: Teekurs

International Herald Tribune

Very briefly:

Iran closed the free market for currency transactions and fixed a maximum rate of 3,000 rials to the dollar, ending five years of comparative freedom for exchange-rate movements. A shortage of foreign currency sent the dollar up to 7,000 rials early this month.

• Nicholas Leeson, the trader accused of bringing down Barings Bank, lost his bid for release on bail when a German court overruled objections to an extradition from Singapore and ordered Mr. Leeson held pending a formal review of charges.

• Vital Forsikring AS's board will study Den norske Bank AS's takeover bid more closely before deciding between that offer and a bid it previously accepted from the Dutch insurer Aegon NV.

• Electronic Data Systems Corp. ended talks to buy two computer-service and software units from Lucas Industries PLC because the companies could not agree on terms.

• British Gas PLC's net profit fell 11 percent on a current-cost basis, to £505 million (\$792.1 million), in the first quarter of 1995.

• Jefferson Smurfit Group PLC said it would invest a total of 410 million French francs (\$80.6 million) to increase output at a kraftliner mill and a coated wood-free products operation in France.

AFX, Reuters, Bloomberg

Telegraph Buyout Fizzles

Bloomberg Business News

LONDON — Shares in Telegraph PLC plunged 12 percent Thursday after companies controlled by the Canadian publisher Conrad Black said they had ended plans to buy out minority shareholders.

Telegraph stock fell 50 pence, to 38.50, in active trading.

The decision by Hollinger Inc. and its American Publishing

Spurring

Foster's Sells Courage To Scottish & Newcastle

Compiled by Our Staff From Dispatches

MELBOURNE — Foster's Brewing Group Ltd. ended more than a year of speculation Thursday by announcing the sale of its Britain-based brewing operation to Scottish & Newcastle PLC in a deal valued at 1.2 billion Australian dollars (\$875 million).

Foster's said it would sell its Courage Ltd. brewing unit for an initial payment of \$924 million dollars, and that an additional \$252 million dollars would be received over the next three years through an agreement involving its interest in British pubs.

A further 26 million dollars was expected from rights to 10 million Scottish & Newcastle shares.

The decision to sell Courage followed increased competition in Britain from less-expensive imports and a regulatory climate subject to frequent change. Ted Kunkel, the company's chief executive, said the British beer industry had been subjected to 33 inquiries over the past 30 years by the government.

He also said the sale of Courage would enable Foster's to pursue growth opportunities in other countries, including China and India. "It puts Foster's

in an excellent financial position and enables a strategic and management focus on acquisitions in the beverage and beverage-related industries," he said.

Mr. Kunkel added that the deal would be enhanced by royalty payments of 152 million dollars over the next 10 years on the Foster's brand. Foster's, which is 37-percent owned by Australia's largest company, Broken Hill Pty., is the second largest-selling brand of beer in Britain.

The agreement gives Scottish & Newcastle the exclusive right to brew, package and market Foster's brands in Britain and Continental Europe for an unlimited period. It also allows a Foster's joint venture with Grand Metropolitan PLC, Entrepreneur Estates Ltd., to remain tied to Courage for beer supplies until March 1998. Foster's owns 50 percent of 4,330 pubs through the venture.

Edinburgh-based Scottish & Newcastle said it would partially finance the purchase by selling new shares at 475 pence each to existing shareholders in order to raise £354 million (\$555 million). It said it would sell one new share for every seven held in the rights issue.

Scottish & Newcastle also said it is expected to generate

combined annual beer sales of more than £2.2 billion with a portfolio of brands that would include Beck's, Coors, Miller, Courage Best, Kronenbourg, Holsten and Foster's.

Analysts in London said it was unclear whether the acquisition would be approved by British regulatory authorities. Scottish & Newcastle said the purchase would give it a 25-percent share of the British market, which might prompt a referral to the Mergers and Monopolies Commission, Britain's antitrust authority.

Foster's shares fell 3 cents, closing at 1,27 dollars, in Sydney, while Scottish & Newcastle shares fell seven pence, to 540 pence, in London.

Referring to Scottish & Newcastle, Jonathan Goble, an analyst at the brokerage Barclays de Zoete Wedd, said: "My inclination is that this isn't a share that is going up. The U.K. beer market is going down."

Foster's paid £1.3 billion for Courage in 1985 as part of what the company's former chief executive, John Elliot, called a campaign to "Fosterize the world." But Courage did not live up to expectations and has been a profit-drainer in the Foster's brewing family.

(AP, Bloomberg, Reuters)

Nomura Restores Errant Executives To Board Posts

By Steven Brill
International Herald Tribune

TOKYO — Nomura Securities Co. said Thursday it would rehabilitate two executives who resigned four years ago to take the blame for the company's dealings with organized crime and covering losses for big-time clients.

After serving as "advisers" to Japan's biggest securities company the past four years, the former chairman Setsuya Tabuchi, and former president Yoshihisa Tabuchi will rejoin its board, the company said. The two are not related.

The move came as a surprise in Japan because Nomura has been trying to reform its image by promoting younger executives and revamping its research. Analysts said Nomura's move showed that during a period of financial distress for Japan's securities companies, top executives with proven skills had enough clout to reclaim their status.

It also underscored how the common Japanese practice of officials and executives resigning to accept responsibility for wrongdoings is often more a charade than a sacrifice. Given the state of

"adviser," many fallen executives simply go about their business as usual.

"Nothing had changed except the titles on the door," said Alicia Ogawa, a financial analyst at Salomon Brothers Inc. "They continued to wield the same influence."

A Nomura spokesman said their elevation was needed to permit them to play more active roles in cultivating new business, particularly in Asia, where corporate rank can be a key to access.

He said the executives, who had been key players in building Nomura into the world's biggest securities company in the late 1980s, would not be members of the "management committee," which makes the most important decisions.

Analysts said Nomura's current profit rose 16 percent from a year earlier, to 36.60 billion yen (\$423.9 million).

Sales, however, slipped 1 percent, to 15.94 trillion yen, in the year ended March 31, and a spokesman for the Osaka-based company said, "We can't foresee any meaningful growth" this year.

Mitsubishi Corp. said current profit rose 16 percent, to 58.27 billion yen, its first increase in four years. But revenue was off 2 percent, at 13.81 trillion yen.

Mitsui & Co. posted a 9 percent profit increase, at 50.60 billion yen, but sales fell 5 percent.

Marubeni Corp. went against the trend, as its current profit fell 15 percent, to 35.08 billion yen, but it forecast an improvement this year, to 38 billion yen.

Its revenue fell 5 percent, to 14.37 trillion yen.

Marubeni blamed the yen's rise and falling interest rates for its showing. A Sunnitomo Corp. executive, Munio Shigenobu, said that while Japan's strong currency had allowed companies to pay less for goods they import, the yen's rise was "not really favorable overall."

Sumitomo said unconsolidated current profit was 35.55 billion yen, little changed from 35.54 billion yen, as revenue fell 3 percent.

(Bloomberg, AFP)

ASIA/PACIFIC

Profits Rise But Japan's Traders Say Sales Fall

Compiled by Our Staff From Dispatches

TOKYO — Japan's major trading companies posted generally higher annual profits Thursday but sounded cautious about the current year, reflecting flat or declining revenue in the period ended March 31.

Itochu Corp. showed the biggest rise, as its unconsolidated current profit rose 19 percent from a year earlier, to 36.60 billion yen (\$423.9 million).

Sales, however, slipped 1 percent, to 15.94 trillion yen, in the year ended March 31, and a spokesman for the Osaka-based company said, "We can't foresee any meaningful growth" this year.

Mitsubishi Corp. said current profit rose 16 percent, to 58.27 billion yen, its first increase in four years. But revenue was off 2 percent, at 13.81 trillion yen.

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Sumitomo said unconsolidated current profit was 35.55 billion yen, little changed from 35.54 billion yen, as revenue fell 3 percent.

(Bloomberg, AFP)

Investor's Asia



Source: Telekurs

International Herald Tribune

Very briefly:

- Mitsubishi Estate Co., blaming rising vacancy rates and falling rents in Japan, had a 31 percent decline in annual profit, to 32.69 billion yen (\$378.6 million) for the year ending March 31. It refused to comment on the effect of the bankruptcy filing last week by its Rockefeller Center subsidiary in New York.
- Shimizu Corp.'s pretax profit plunged 70 percent, to 36.59 billion yen, and other major construction companies reported steep profit declines for the year ended in March.
- Toray Industries Inc.'s consolidated pretax earnings fell 11 percent, to 30.2 billion yen, but sales edged up 2 percent in the year ended in March.
- Hong Kong's credit rating of A3 reflects political and economic uncertainty stemming from the colony's growing integration with China. Moody's Investors Service Inc. said in an annual report on the colony.
- Metro Pacific Corp., a Philippine unit of First Pacific Co. of Hong Kong, had first-quarter net income of 52.8 million pesos (\$2.1 million), double the year-earlier figure.
- Australian company profits were 6.4 billion dollars (\$4.7 billion) in the first quarter, 8.3 percent more than a year earlier.
- National Australia Bank Ltd. posted a 10 percent increase in net profit for the six months ended March 31, to 954 million dollars from 868.8 million dollars a year earlier. (Reuters, AFP, Bloomberg, AP)

Packer's Fortune Dwindles

SYDNEY — The personal wealth of Australia's richest man, the media executive Kerry Packer, shrank by almost half over the past year, according to a study released Thursday.

The study, conducted annually by an Australian business magazine, still has Mr. Packer well ahead of the second-richest Australian but says his net assets have fallen by 2.5 billion Australian dollars (\$1.82 billion) since May 1994, to 3 billion dollars.

The study by the Business

Review Weekly outlines a difficult 12 months for Mr. Packer, including some big corporate defeats and an unsolved theft last month of 5.4 million dollars of gold bars from his Sydney offices.

The gold was fully insured,"

the magazine's editor, David Uren, added, and the main reasons for the decline in Mr. Packer's fortune were a drop in his private company's profit, a fall in the value of publicly traded companies he is associated with and a big foreign-exchange loss.

Ban Lifts Shanghai Equities

Bloomberg Business News

SHANGHAI — The key index on the Shanghai Stock Exchange soared 32 percent to a seven-month high on Thursday as money piled into stocks following a nationwide ban on bond-futures trading.

The bond-futures market has been highly active in recent weeks, and analysts said the ban freed up several billion yuan to be invested elsewhere.

The Shanghai A share index, which tracks stocks reserved for Chinese investors, climbed to 796.32 points, up from 602.75 points on Wednesday. The index hasn't traded that high since September 30. Nearly 8.5 billion yuan (\$1.0 billion) in shares changed hands, up from just 124.9 million yuan on Wednesday.

"It's all a bit crazy," said Zhang Yuying, a trader at Ping'an Insurance Co., which has more than 100 million yuan invested in the equity market. "I expect prices to bounce around at these levels for a while because there's so much money floating around."

Individuals said that institutions were able to make transactions before small investors because of preferential treatment offered at many securities houses. "I can't get in," said Chen Liying, a gift-product saleswoman who failed in her attempt to buy 10,000 shares of Tibet Pearl Co. at 14 yuan each at the opening bell. "The big

institutions are controlling everything, making it too dangerous for individual investors."

Spencer Liu, an 82-year-old former employee at a foreign-trade company, added: "Everyone wants to buy today because of the bond-futures trading ban. We're all expecting a big jump in prices."

The China Securities Regulatory Commission issued a circular late Wednesday, suspending bond-futures trading across the country. The circular, carried in all major state media, said China was "not yet equipped" for trading in treasury-bond futures.

Analysts said that investors in the bond market took that as a signal to pile back into stocks. The A-class shares are sold exclusively to domestic investors, while B shares can be bought by foreigners.

■ World Bank Backs China Reforms

The World Bank said Thursday that China needed to press ahead with reforms of its state-owned enterprises if it was to maintain economic growth and prevent social unrest, Reuters reported from Beijing.

A new report by the World Bank called "Meeting the Challenge of Chinese Enterprises Reform" cited weaknesses in plans to raise the efficiency of China's 104,000 state-owned enterprises.

Individuals said that institutions were able to make transactions before small investors because of preferential treatment offered at many securities houses.

Herbert Hui, the head of listing at the exchange, said: "I've come clean. These problems are cropping up too much to sweep under the carpet."

Mr. Hui said the recent disclosures of executives' criminal records suggested that the ex-

change was making progress in keeping investors informed.

The revelation of Mr. Tsang's record followed the resignation of two executives of Win Win International Holdings Ltd. earlier this month after it was disclosed they had criminal records.

A spokesman said a panel composed of officials from the stock exchange and the Securities & Futures Commission would consider requiring all directors to provide a certificate from the police saying they had no criminal convictions before their companies sell shares.

Since November 1993, directors have been required to sign

For investment information

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Herald Tribune

THE WORLD'S DAILY NEWSPAPER

On June 26th, the IHT will publish a Sponsored Section on

THE EUROPEAN UNION

Among the topics to be covered are:

- Analyzing the EU's key challenges in the coming year.
- The EU's quest for monetary union.
- Evolution of the EU's relations with Central Europe.
- Prospects for Southern Europe in the next five years.
- The EU and Third-World Aid.

This section will coincide with the EU Summit in Cannes, France (June 26-27). For further information, please contact Bill Ronan in Paris:

at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13.

Herald Tribune

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American toll free 800-855-7028 (fax) 800-884-5767 (voice)

NYSE

Thursday's 4 p.m. Close

nationwide prices, not reflecting late trades elsewhere.

The Associated Press.

Continued on Page 2

NASDAQ

Thursday's 4 p.m.
The 1,000 most-traded National Market securities in
terms of dollar value, updated twice a year.
The Association of
Investment Companies

NYSE

Thursday's 4 p.m. Close
(Continued)

NASDAQ

SPORTS

For Nomo, a 14-K Gem but No W

The Associated Press

Thus far, here's the line on Hideo Nomo: Four starts, no decisions, no dull moments.

Nomo struck out 14, the most in the majors this season, and allowed only two hits in seven innings Wednesday night. But he was relieved after throwing 106 pitches and the Los Angeles Dodgers' bullpen blew a two-run lead as the visiting Pittsburgh Pirates won, 3-2.

No matter what Nomo threw, the Pirates didn't have much luck hitting it. He was both overpowering and dazzling, mixing an assortment of hard-breaking pitches with a true major-league fastball that had batters guessing and lunging.

He got a standing ovation after his 11th strikeout, in the fifth inning, then heard the crowd chant, "No-mo, No-mo" in the seventh.

"It's a really good feeling," he said through an interpreter. "I'm not frustrated, but I'm a little disappointed

because I want to pick up wins for the team."

"Maybe I could have gone longer," he added.

But Nomo ended up this game the same way he finished up his three previous starts: without a decision. In his other three starts, Nomo pitched five innings of one-hit ball in San Francisco, allowed seven runs and three homers in Colorado and

NL ROUNDUP

pitched four hitless innings against St. Louis, allowing three runs and seven walks.

This time, Nomo walked only three and lowered his earned-run average almost two points, to 3.48. The 14 strikeouts gave him the National League lead with 33, and the Pirates comeback was almost an afterthought to those who watched the pitching performance.

"He was spectacular. To pitch the way he did and not win that ballgame

is really a sad, sad, sad situation," said the Dodgers' manager, Tom Lasorda.

Pittsburgh tied, at 2, on RBI singles by Dave Clark and Jeff King.

Then, in the ninth, Mark Parrot opened with a single off Todd Williams. Pinch-runner Angelo Encarnacion was bunted to second and scored the winning run on Brumfield's line single to center off Antonio Osuna.

Nomo, who threw at least 140 pitches in a game 61 times during his five seasons with the Kintetsu Buffaloes, said he could have gone longer.

"He didn't have any pitch limit," Lasorda said. "We just felt he hasn't pitched very long, and he hadn't gone more than five innings before. So we weren't going to push him any farther."

Phillies 3, Marlins 1: In Miami, not even six innings without a hit could stop Philadelphia.

Chris Hammond took a no-hitter into the seventh, but the first hit of the game was Mariano Duncan's RBI double that tied the score, 1-1.

Theo pinch-hitter Mickey Morandini's two-run homer off Richie Lewis is in the top of the 13th beat the Marlins.

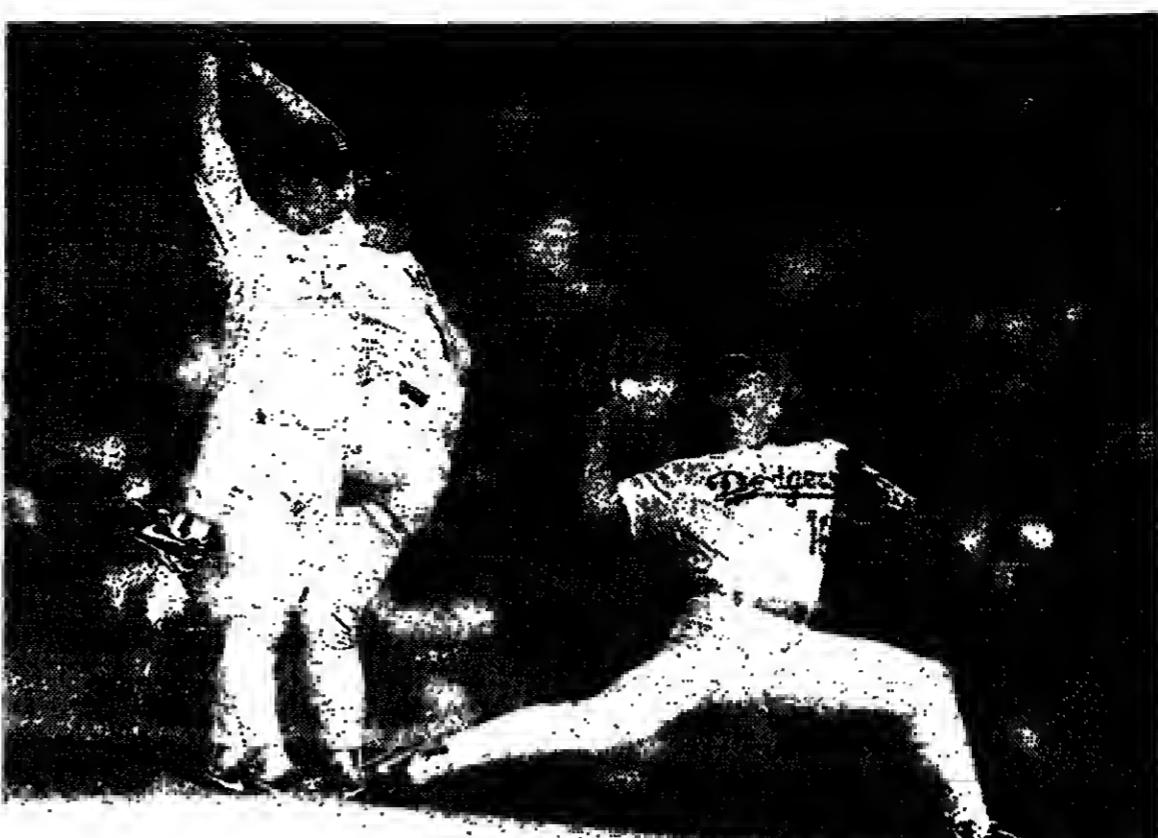
Rockies 6, Braves 5: Mike Kingery drove in three runs, his hit in the eighth breaking a tie, as visiting Colorado scored six times off Greg Maddux, doubling the number of runs the three-time defending Cy Young Award winner has allowed this season.

And the Rockies beat the Braves for just the third time in 26 games

since they joined the league in 1993.

Reds 6, Expos 2: Ron Gant drove in Cincinnati's go-ahead run in the sixth, scored an insurance run later that inning and hit an RBI triple in the ninth in Montreal.

Giants 2, Cubs 1: In San Francisco, Barry Bonds homered off the upper



Hideo Nomo, caught by a multiple-exposure photograph, struck out 14 Pirates and gave up just two hits.

Rangers Sweep Three From Jays

The Associated Press

Kevin Gross's earned run average rose from 9.82 to 10.35 against the Toronto Blue Jays, but he still got his first American League victory.

"I really struggled with my control," he said after the Texas Rangers' 12-7 victory.

The Rangers, who completed a three-game sweep Wednesday night, fell behind by 5-0 in the second, when Gross gave up a bases-empty homer to Jim

AL ROUNDUP

Olerud, Devon White, hit a three-run drive and琰东 Cedeno got his first big league homer.

But the Rangers came back with six runs in the bottom of the inning and three more in the third. Dean Palmer homered in both innings.

"We did get the lead," said Toronto's manager, Cito Gaston, "but it didn't last 10 minutes. We could use a day off, that's for sure."

Danny Darwin was pounded for all nine runs and 10 hits in 2 2/3 innings. His ERA nearly doubled, from 4.96 to 8.68.

The Rangers, who got 10 hits, finished the series with 30 runs and 41 hits.

Orioles 7, Tigers 4: Jeff Manto hit his first homer since 1991 during a five-run sixth inning, as Baltimore, playing at home, overcame a four-run deficit and two homers by Detroit's Clark F��eld.

Kevin Brown pitched eight innings, matching his career high with 10 strikeouts, allowing eight hits but no walks.

Twins 7, Angels 3: Rookie Marty Cordova hit a two-run homer, and Minnesota took advantage of three errors to score nine unearned runs off visiting California.

Kevin Tapani, who scattered nine hits, stranded four runners at third base in seven-plus innings. He had a shout until Jim Edmonds homered leading off the seventh.

White Sox 6, Athletics 4: Mike LaValliere, with just one previous hit this season, put Chicago ahead with a two-run double in the seventh.

Visiting Oakland turned six double plays, tying a team record, but one short of the AL mark. The Athletics had taken a 3-2 lead in the sixth on Rickey Henderson's solo homer off Jose DeLeon.

Mariners 4, Royals 0: Edgar Martinez doubled in two of the fifth inning's four runs as visiting Seattle won its fourth game of the last 11.

Red Sox 3, Brewers 2: Mo Vaughn drove in three runs for visiting Boston, while Milwaukee was nearly shut out for the fourth time in six games.

The Brewers had gone 20 consecutive innings without a run before reliever Ken Ryan, of J.R. Surhoff's group, threw wildly to third in the ninth and allowed Derrick May to score. Surhoff then scored on Turner Ward's single and Jose DelCarmen's ground out.

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SCOREBOARD

Major League Standings

AMERICAN LEAGUE

East Division

Central Division

West Division

NATIONAL LEAGUE

East Division

Central Division

West Division

Wednesday's Line Scores

AMERICAN LEAGUE

Boston

Milwaukee

Seattle

Toronto

Chicago

Cincinnati

St. Louis

Pittsburgh

Wednesday's Line Scores

NATIONAL LEAGUE

East Division

Philadelphia

Atlanta

New York

Florida

Wednesday's Line Scores

angers
sleep three
from Jays

INTERNATIONAL Herald Tribune SPORTS

FRIDAY, MAY 19, 1995

PAGE 23



AMAZED — Olivier Roumou led his French teammates through drills in Pretoria as the last of the teams — England, Wales, Ireland, Argentina, Italy, Romania and Ivory Coast — arrived in South Africa for the month-long World Cup.

2 Chinese Women Break Vault Record

Agence France-Presse

TAIYUAN, China — Zhong Guiping and Sun Cuiyan both broke the world record for the women's pole vault Thursday at the national athletics championships.

Each cleared the bar at 4.08 meters (13 feet, 4 1/4 inches), the 18-year-old Zhong on her first try at the championships here in the capital of the northern province of Shanxi. Sun made it on her second try, then failed in an attempt at 4.15 meters.

They broke two records that are still pending ratification by the International Amateur Athletic Federation in Monaco, the 4.06-meter vault by Sun in March and the 4.07-meter effort that her teammate, Cai Weyan, recorded earlier this month.

Earlier Thursday, the China Sports Daily reported that the IAAF had carried out unannounced drug tests on five top Chinese women athletes at the championships, among them the pole-vaulter Cai.

It said the others were triple jumper Ren Ruiping, the bronze medalist in the world indoor championships in Barcelona in March; long jumper Yao Wei, who won

the Asian Games gold medal last October with an event record 6.91-meter leap, and Sun Ximai, who won the shotput in Hiroshima.

A second shotputter, Zhang Linhong, was also tested, the paper said.

The tests were conducted by two officials of the IAAF's anti-drug commission, Nils Lindstedt and Petra Lodstedt, who would take the urine samples to Sweden for analysis. It was the ninth time this year that Chinese athletes had been given unannounced tests, the newspaper said.

The championships, which began Wednesday, will serve as a national trial for the world championships in August in Gothenburg, Sweden.

Chinese authorities pledged to clamp down on drug use after 11 athletes, seven of them swimmers, tested positive at the games in Hiroshima. Officials of the Pan Pacific Swim Championships later barred the Chinese team from competing in Atlanta this August.

Beijing has admitted that drugs are a problem in Chinese sports. But National Olympic Committee officials insist that

only a tiny fraction of their athletes are involved and that the positive tests should not overshadow the country's recent sporting achievements.

• World and Olympic 100-meter champion Linford Christie will race against world record holder Leroy Burrell, double Olympic sprint champion Carl Lewis and Dennis Mitchell in Moscow in September, meet officials said Thursday.

Mike Marsh, the Olympic 200-meter champion, and Canada's Bruny Surin have also been lined up for the 100-meter race on Sept. 3 during the NIKE-World Class track and field competition in Moscow's Lokomotiv Stadium, officials said.

Alexander Lubimov, a spokesman for the promoter World Class, declined to say how much Linford would be paid for his first race in Russia. Lewis was understood to have asked for \$100,000 to compete in Moscow for the first time since 1986.

Both have said they do not want to race each other before the world championships on Aug. 5-13.

Another Thriller, and Game, for Knicks

Miller Can't Trump Ewing This Time

Compiled by Our Staff From Despatch

NEW YORK — Slowed by injuries, often in foul trouble, outscored by Rik Smits, Patrick Ewing still managed to save the New York Knicks.

Ewing, whose rebound dunk with 26 seconds left in Game 7 of the Eastern Conference finals last year crushed the Indiana Pacers' hopes, did it again Wednesday night just when it appeared that the visitors — playoff losers to the Knicks the last two seasons — would take a series from the Knicks for the first time.

He scored only 19 points, and for most of the game was dramatically outplayed by

NBA PLAYOFFS

Smits, the Pacers' center, but won it with a spinning jumper in the lane with 1.8 seconds left. The 96-95 loss left the Pacers shaking their heads, but still with a 3-2 lead in the best-of-7 conference semifinal.

"I thought I was Michael Jordan," said Ewing, who was 7 for 20 from the field before that shot. "It's always a big man's dream to get the ball, spin and drive. It was the same move I'd been making all game, only this time it went in."

After he picked up his fifth foul, with two minutes left, the Knicks took a seven-point lead only to give it all back.

Two free throws by Anthony Mason, who got all 13 of his points in the final period, put them ahead by 94-97 with 53 seconds to play. The 6-foot, 7-inch Mason had also guarded the 7-4 Smits for most of the final period, holding him scoreless after the Pacers' center outscored Ewing 28-13, through three quarters.

"I try to front him, maybe get him frustrated," Mason said, "anything to keep him from the basket."

But then it was Miller time again.

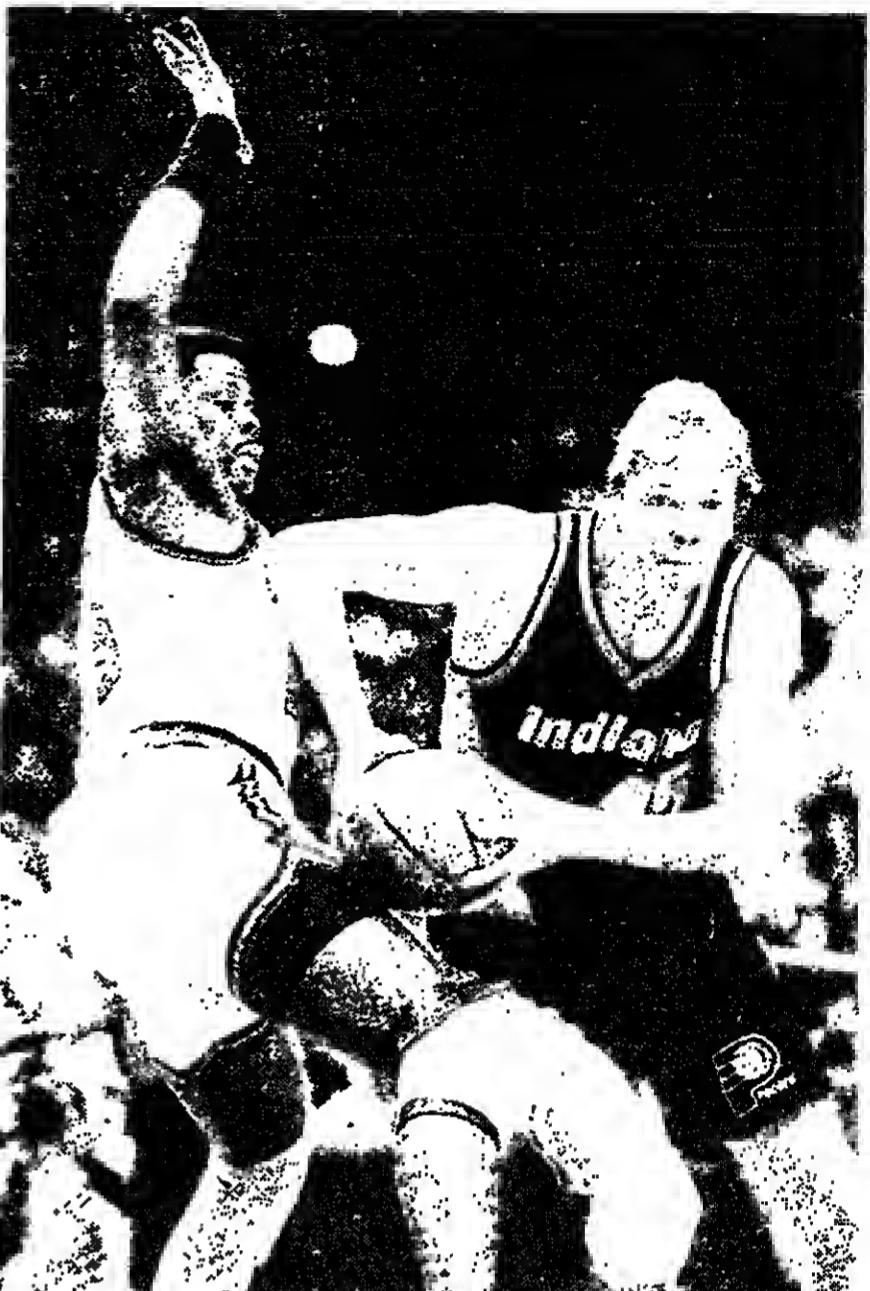
Reggie Miller built his reputation in New York with 25 points in the fourth quarter of Game 5 last year, giving Indiana a 3-2 series lead. In last week's Game 1, he scored eight points in the final seconds. And, though he hadn't made a shot from the field in this quarter, his 3-pointer with 32 seconds left made it 94-92.

After Indiana controlled a jump ball, Byron Scott's 3-pointer with 5.9 seconds left put the Pacers in front. Scott had been 4-of-17 in the series.

The Knicks called time with their season on the line, and a game that meant so much to their franchise, they went to their franchise player. Mason inbounded the ball to Starks, who came close to traveling with it. From the top of the key, Starks passed to Ewing, who drove to his right, dribbled into the lane, spun back to his left and jumped over Antonio Davis for his patented jump shot. The ball hit nothing but net. The crowd roared.

It was the kind of move Ewing hadn't been able to often make recently, mainly because Smits was usually in his way. But Smits wasn't on the floor for this play.

"It was a little bit of *déjà vu* from Game



Patrick Ewing was brushed aside by Rik Smits, until the game-winning shot.

1," said Smits, who led Indiana with 28 points, although he didn't score in the fourth quarter. "But it didn't work out. Reggie made a big shot, Byron made a big shot and Patrick made a big shot."

Many of the Pacers thought that not only the last shot was big.

"Patrick hit a big shot, and he took a couple of big steps to get there," Miller said.

And he almost pulled off another miracle after Ewing's basket.

The Pacers called time and inbounded the ball to their star. Under tight defense on the right side, he got off a 30-foot shot that hit the side of the rim as time expired.

"To tell the truth, I thought it was going down," said Miller, who finished with 23 points but made just 3-of-11 of his 3-

pointers. "All you want is a good look, and I got a good look. I want to take that last shot, to be either the hero or the goat. But that was a fantastic game, what the playoffs are all about."

The series moves to Indianapolis, followed by Game 7 back in New York on Sunday if the Knicks win Friday night.

Only four teams in NBA history have come back from a 3-1 deficit to win a playoff series, and no team has done it since 1981, when the Boston Celtics overtook the Philadelphia 76ers.

"When all seems lost, you have to stay the course," said the Knicks' coach, Pat Riley. "As trite as it sounds, you have to keep believing. We saved the game here at home and upped the ante." (AP, NYT)

Blackhawks Still Can't Shake Maple Leafs

The Associated Press

The Chicago Blackhawks, though they have been trying since 1938, still have not eliminated the Toronto Maple Leafs from the playoffs.

The Blackhawks had a chance to finally knock off their longtime rivals in the playoffs Wednesday night, but lost 5-4, in an overtime that forced a decisive Game 7 in their Western Conference series.

The Blackhawks outplayed the Maple Leafs for most of the 70 minutes, but couldn't overcome a troublesome second period, when they were faced with five power plays and were outscored by 3-0.

"We just couldn't finish them off," said forward Denis Savard. "We were in the penalty box all period. That takes the momentum away."

The Maple Leafs won 10 minutes into the game, 10 minutes into the overtime.

Chicago outshot Toronto, 50-37, with a 7-3 advantage in overtime. And the Blackhawks' Murray Craven fired a shot off

a goalpost four minutes in, but it was the Leafs who got the final shot.

Mats Sundin made a sensational rush, carried the puck behind Chicago's net and, when he came around to the side of goaltender Ed Belfour, lost control of the puck. But Belfour, meanwhile, had gone down in a pileup at his crease.

NHL PLAYOFFS

"I figured if Mats couldn't stuff it in, he'd at least pop it out into the slot, which luckily happened," Wood said. "I was just looking for any garbage that was going to be lying around the crease."

His shot squeezed under several sets of legs and across the line and brought the capacity crowd of 15,700 at Maple Leaf Gardens to its feet.

"I'm telling you, when you come into Maple Leaf Gardens and the Toronto Maple Leafs are against the wall, you're not just playing the Leafs, you're playing the whole world," said

the Blackhawks' coach, Darryl Sutter.

The Maple Leafs have won five playoff series from the Blackhawks since 1938.

Along with Wood's two goals, Dmitri Mironov, Tie Domi and Mike Ridley scored for Toronto. Dirk Graham, Savard, Joe Murphy and Brent Sutter scored for Chicago.

Chicago dominated the first period and led, 1-0, on Graham's goal. Only outstanding goaltending by Felix Potvin kept Toronto, outshot 17-8 in that period, in contention.

Referee Terry Gregson, who hadn't allotted a power play in the first period, then assessed Chicago five of the six penalties called in the second.

Mironov, on a power play, Domi and Ridley scored that period, then Wood followed with a fourth consecutive Toronto goal 55 seconds in the third period on a power play carrying over from the second.

Then the Blackhawks rallied. Savard scored at 2:48 on a power play and Murphy at 12:49 to make it close. Belfour, who completed the rout.

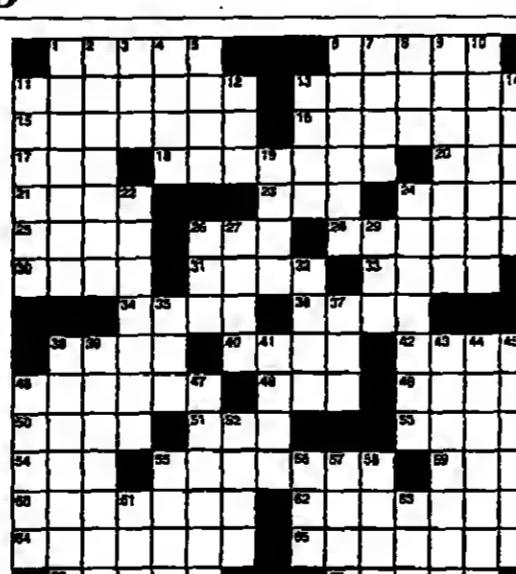
Blues 5, Flames 3: In San Jose, Craig Janney scored two unassisted goals and Wade Flaherty made 30 saves to help end Calgary's three-game winning streak and tie that series at 3-3.

Jeff Odgers' first goal of the playoffs, in the second period, gave the Blues a 2-2 lead. Janney then scored the game-winner with 16 seconds left in the period when he beat Trevor Kidd from the slot.

Blues 8, Canucks 2: Brett Hull and Eric Tittaker each scored twice as St. Louis won in Vancouver and sent their series to a seventh game.

Hull scored both his goals in the first period, then assisted on Tittaker's second goal of the game, in the third, as the Blues completed the rout.

CROSSWORD



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ACROSS
1 Laissez —
3 Alternative to
31-Across
15 Rapidly
16 Irritate
17 G.I. carrier
18 Musical interval
20 Mauna —
21 — conclusion...
(wrapping-up phrase)
22 The G-string
Murders' author
24 Approach
25 Cartridge fill
26 Alternative to
22-Down
28 Worthless
30 Come before, as the eyes
31 Alternative to
13-Across
33 Feminine ending
34 Sports period
35 Drop a line?
37 Assault
40 Alternative to
24-Down
42 Sesches
43 Elliot's miser
45 Alternative to
64-Across
47 Court seat
50 Something to shake
51 Toy manufacturer
53 Phillips 66 competitor
55 Eng. king
56 Clip out
57 Houston Interstate
58 Nixon predecessor
59 Opening
60 Alternative to
48-Across
61 Alternative to
11-Across
62 Kind of clippers
63 Relies

DOWN
1 Gross
2 Never
3 — surpassed
4 de France
5 Rules, Informally
6 French 101 verb
7 Hit gently
8 Fix permanently
9 Model of honesty
10 Most repulsive
11 Rot
12 — needles
13 From Stalingrad, e.g.:
Abbr.
14 Motion picture
15 Lachrymose
16 Home additions
17 Alternative to
25-Across
18 Alternative to
40-Across
19 — C.I.O.
20 Help for a pedestrian
21 Defendants, at law
22 Skeleton character
23 Fruit beverage
24 Debusey's La —
25 Elizabethan knight
26 Rings of color
27 Rubie cut
28 Fortress
29 Entomophyte
30 Biscuits
31 Molten matter
32 Vets
33 Smeared
34 Rings
35 Noted presentation?
36 Loudly lament
37 Vaccine type
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Waters Cleans Up Act
To Sit on Cannes Jury

Director John Waters, sitting on the 10-member jury of the Cannes Film Festival, insists he's a changed man since he made "Pink Flamingos," and his other kitsch flicks of the '70s. "You know, at 20 it's fun to be crazy and at 50 it would be kind of sad." He once said he considered someone throwing up at his movies to be a standing ovation. Jeanne Moreau and Diane Keaton shared the honor of presiding over the festival opening.

Michael Jackson and his wife Lisa Marie Presley will give their first-ever joint television interview, next month. ABC said. The interview will take place in the Egyptian Temple of Dendur, housed inside New York's Metropolitan Museum of Art. Organizers said Jackson has agreed to discuss the controversy over whether he sexually molested a boy. He has denied any wrongdoing. And a civil case against him was settled out of court.

Fats Domino, 67, was admitted to a hospital following a concert in Sheffield, England, where he shared the stage with Chuck Berry and Little Richard. Doctors diagnosed exhaustion.

As a going-away present for President François Mitterrand of France, his Socialist supporters chipped in to buy him a Twingo. Renault's mini-car. The president, well known as an assiduous pedestrian in Paris, suggested that his followers give the car to a charity raffle.

Tenor Luciano Pavarotti has gone pop, joining forces with Canadian rock star Bryan Adams for his latest album.

OBSERVER

Time for a Speech

By Russell Baker

NEW YORK — It is commencement season. Last winter I foolishly agreed to make a commencement speech. Winter is when they get you for commencement speeches. In winter it's hard to believe in commencement. Winter is not a commencement time of year. In a good old Middle Atlantic winter it is only natural to believe nothing will ever commence again.

The hunters who go after commencement speakers know this. So they strike in winter. The phone rings. Will you come in faraway May and make a commencement speech?

The honor is almost irresistible. And since May will probably never come, it's unlikely a speech will actually have to be given. Even if May should come, in the meantime you might get lucky and die and not have to make the speech.

All this I know from long experience. Many times I have agreed in dead of winter to make commencement speeches. So far I have yet to get lucky and die before time to make the speech.

Once again May has, in fact, come. What is to be said to American youth this year as it goes forth into the world?

At the start of my commencement-speech career I labored under the influence of General George Marshall, who took the occasion of a Harvard commencement to propose the Marshall Plan for the rebuilding of Europe. Unqualified to propose plans for rebuilding other continents that were in bad shape, I confined myself to calls for the young to go forth into the world and serve their country as nobly as Marshall had.

Then, went the peroration, each of them, too, might one day propose something as noble

as the Marshall Plan. It was the poet Ezra Pound who put an end to this phase of my commencement career. He turned up without warning as an honored guest at a commencement I had promised to harangue at Hamilton College.

What to do? There was no time to revise the speech, to say something that wouldn't sound absurd to a man so finicky about words that he had edited T.S. Eliot for taste. I did what had to be done. I exhorted Ezra Pound to go forth and do good works.

Several years passed before I could face the commencing public again. In that time the world had gone noticeably different.

I resumed commencement speaking with a new theme. Instead of urging commencementers to go forth, I pleaded against it, begging them not to go forth into the world. It had once been a very good world, thanks to the genius, too, and magnificence of persons my age.

Lately, however, I had become a highly unsatisfactory world, as an apparently endless stream of new generations went forth into it. Since this constant going forth of commenced persons was making a terrible mess of the world, I begged them to stop going forth.

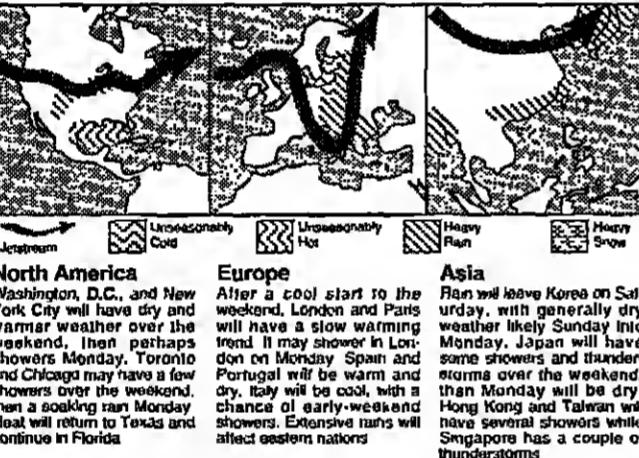
Many heeded the plea and moved back in with mom and dad. This has earned me many cruel letters from mom and dad. The gist of these threats is that unless I resume urging graduates to go forth I had better give up commencement speeches. This I am perfectly willing to do. I never wanted to give commencement speeches to begin with, and never would if they didn't come after you in winter.

Now here it is — May already, and still alive. And not an idea in the world.

New York Times Service

WEATHER

Forecast for Saturday through Monday, as provided by Accu-Weather.



Europe

	Today	High	Low	W	Tomorrow	High	Low	W
	Temp	Wind	Wind	Dir	Temp	Wind	Wind	Dir
Algeria	24/73	14/57	8	20/77	17/62	18/62	12/53	W
Antananarivo	22/71	15/53	pc	24/75	12/53	pc	18/53	W
Antwerp	22/71	15/53	pc	24/75	12/53	pc	18/53	W
Athens	24/73	17/63	pc	26/77	17/63	pc	20/63	W
Baku	20/68	15/58	pc	22/71	15/58	pc	17/58	W
Belgrade	21/70	15/58	pc	23/73	15/58	pc	17/58	W
Berlin	13/53	3/27	pc	14/67	2/25	pc	13/53	W
Bishkek	20/68	13/53	pc	22/71	13/53	pc	18/53	W
Brussels	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Budapest	20/68	13/53	pc	22/71	13/53	pc	18/53	W
Copenhagen	12/53	5/41	pc	11/58	1/34	pc	10/53	W
Damascus	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Dublin	12/53	5/41	pc	14/57	2/46	pc	13/53	W
Dusseldorf	10/50	6/43	pc	12/53	2/42	pc	9/50	W
Durban	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Edinburgh	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Frankfurt	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Geneva	16/61	7/44	pc	19/58	4/42	pc	15/58	W
Helsinki	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Istanbul	21/70	14/57	pc	22/73	13/53	pc	17/58	W
Jakarta	22/71	15/58	pc	24/75	15/58	pc	18/58	W
La Palma	26/79	18/64	pc	26/79	18/64	pc	20/64	W
Lima	19/58	12/53	pc	21/58	12/53	pc	16/58	W
London	13/53	6/43	pc	15/58	2/42	pc	13/53	W
Ljubljana	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Madrid	16/61	7/44	pc	19/58	4/42	pc	15/58	W
Milan	22/71	13/53	pc	23/73	13/53	pc	18/58	W
Moscow	22/71	13/53	pc	23/73	13/53	pc	18/58	W
Munich	14/67	3/27	pc	14/57	2/46	pc	13/53	W
Nicosia	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Paris	10/50	3/27	pc	11/53	2/42	pc	9/50	W
Prague	14/67	3/27	pc	14/57	2/46	pc	13/53	W
Rome	19/58	12/53	pc	19/58	12/53	pc	16/58	W
Stockholm	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Tallinn	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Tbilisi	14/67	3/27	pc	15/58	2/42	pc	13/53	W
Tokyo	20/68	19/58	pc	19/58	12/53	pc	16/58	W
Tunis	22/71	15/58	pc	24/75	15/58	pc	18/58	W
Vienna	17/62	10/50	1	18/62	10/50	1	15/58	W
Vienna	17/62	10/50	1	18/62	10/50	1	15/58	W
Zurich	17/62	9/48	1	17/62	7/44	1	15/58	W

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